

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

**FORM 8-K/A
(Amendment No. 2)**

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

Date of Report (Date of earliest event reported): May 8, 2024

Lionsgate Studios Corp.

(Exact name of registrant as specified in charter)

**British Columbia, Canada
(State or Other Jurisdiction of Incorporation)**

**001-42102
(Commission
File Number)**

**N/A
(IRS Employer
Identification No.)**

(Address of principal executive offices)
**250 Howe Street, 20th Floor
Vancouver, British Columbia V6C 3R8
and
2700 Colorado Avenue
Santa Monica, California 90404**

Registrant's telephone number, including area code: (877) 848-3866

**No Change
(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written Communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of Each Class | Trading Symbol(s) | Name of Each Exchange on Which Registered |
|---------------------------------------|----------------------|--|
| Common Shares, no par value per share | LION | Nasdaq Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

EXPLANATORY NOTE

This Amendment No. 2 (“Amendment No.2”) to the Current Report on Form 8-K of Lionsgate Studios Corp. (the “Company”) is being filed for the purposes of correcting a mathematical error in the combined statement of cash flows for the fiscal year ended March 31, 2022 in Exhibit 99.1 of Amendment No. 1 to the Company’s Current Report on Form 8-K/A filed with the SEC on May 30, 2024. In addition, this Current Report on Form 8-K updates the audited combined balance sheets of the Company as of March 31, 2024 and 2023 and the audited combined statements of operations and equity (deficit) of the Company for each of the three years in the period ended March 31, 2024 to reflect the retroactive application of the reverse recapitalization, as more fully described in Note 1 to the audited combined financial statements included as Exhibit 99.1 to this Amendment No. 2, in all periods prior to the Business Combination (as defined therein).

FINANCIAL INFORMATION

Reference is made to the disclosure set forth in Item 9.01 of this Amendment No. 2 concerning the financial information of the Company and such information is incorporated herein by reference.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information set forth in sections (a) and (b) of Item 9.01 of this Amendment No. 2 is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

Included as Exhibit 99.1 and incorporated herein by reference is the audited combined financial statements as of March 31, 2024 and 2023 and for the three years in the period ended March 31, 2024, of Lionsgate Studios Corp. as restated to correct the mathematical error discussed in the Explanatory Note above.

(b) Exhibits

| <u>Exhibit No.</u> | <u>Description of Exhibits</u> |
|--------------------|--|
| 99.1 | Audited combined financial statements of the Lionsgate Studios Corp. |
| 101.INS | Inline XBRL Instance Document |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

Signature

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

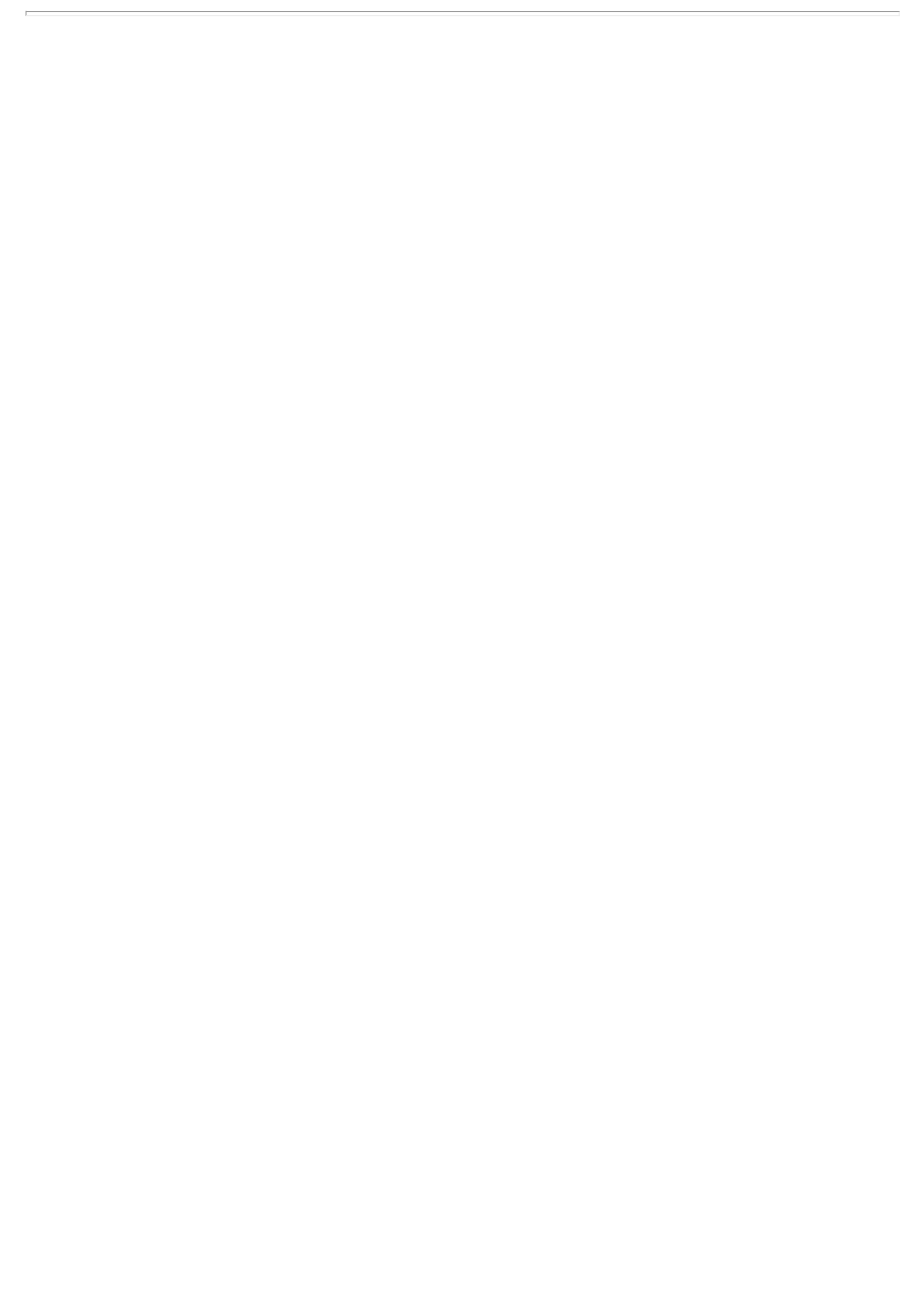
Date: October 15, 2024

LIONSGATE STUDIOS CORP.

By: /s/ James W. Barge

Name: James W. Barge

Title: Chief Financial Officer



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Lionsgate Studios Corp.

Opinion on the Financial Statements

We have audited the accompanying combined balance sheets of Lionsgate Studios Corp. (formerly referred to as the Studio Business of Lions Gate Entertainment Corp.) (the Company) as of March 31, 2024 and 2023, the related combined statements of operations, comprehensive income (loss), equity (deficit) and cash flows for each of the three years in the period ended March 31, 2024, and the related notes (collectively referred to as the “combined financial statements”). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2024, in conformity with U.S. generally accepted accounting principles.

Restatement of 2022 Financial Statements

As discussed in Note 1 to the combined financial statements, the 2022 combined financial statements have been restated to correct a misstatement.

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 Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the combined financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Pre-release Film Impairments

Description of the Matter

As disclosed in Note 1 to the combined financial statements, Investment in Films and Television Programs is stated at the lower of unamortized cost or estimated fair value. As disclosed in Note 3 to the combined financial statements, total impairment charges on investment in films and television programs related to theatrical films were \$34.6 million for the year ended March 31, 2024 and the unamortized balance related to completed and not released and in progress theatrical films was \$532.5 million at March 31, 2024.

Auditing the Company's impairment evaluation for theatrical films prior to release is challenging and subjective as the key assumptions in the analysis include estimates of future anticipated revenues and box office performance, which may differ from future actual results. These estimates are based in part on the historical performance of similar films, test audience results when available, information regarding competing film releases, and critic reviews.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's theatrical impairment review process. For example, we tested controls over management's review of unreleased theatrical films for indicators of impairment and management's determination of the significant assumptions mentioned above.

To test the assessment of unreleased theatrical films for impairment, our audit procedures included, among others, evaluating unreleased theatrical films for indicators of impairment and testing the completeness and accuracy of the underlying data as well as the significant assumptions mentioned above. For example, we assessed management's assumptions by comparing them to historical performance of comparable films and to current operating information, we evaluated test audience results when available, and we considered the historical accuracy of management's estimates. We also performed sensitivity analyses to evaluate the potential changes in the expected profitability of unreleased films resulting from reasonable changes in the assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2001.

Los Angeles, California

May 30, 2024, except for paragraphs twelve through eighteen of Note 1, as to which the date is October 15, 2024

**LIONSGATE STUDIOS CORP.
COMBINED BALANCE SHEETS**

| | March 31, 2024 | March 31, 2023 |
|--|-----------------------|-------------------|
| | (Amounts in millions) | |
| ASSETS | | |
| Cash and cash equivalents | \$ 277.0 | \$ 210.9 |
| Accounts receivable, net | 688.6 | 527.0 |
| Due from Starz Business (Note 20) | 33.4 | 157.6 |
| Other current assets | 373.1 | 256.5 |
| Total current assets | 1,372.1 | 1,152.0 |
| Investment in films and television programs, net | 1,929.0 | 1,786.7 |
| Property and equipment, net | 37.3 | 23.8 |
| Investments | 74.8 | 64.7 |
| Intangible assets, net | 25.7 | 26.9 |
| Goodwill | 811.2 | 795.6 |
| Other assets | 852.9 | 563.0 |
| Total assets | <u>\$ 5,103.0</u> | <u>\$4,412.7</u> |
| LIABILITIES | | |
| Accounts payable | \$ 246.7 | \$ 251.1 |
| Content related payables | 41.4 | 26.6 |
| Other accrued liabilities | 282.4 | 215.4 |
| Participations and residuals | 647.8 | 524.4 |
| Film related obligations | 1,393.1 | 923.7 |
| Debt - short term portion | 860.3 | 41.4 |
| Deferred revenue | 170.6 | 126.2 |
| Total current liabilities | 3,642.3 | 2,108.8 |
| Debt | 923.0 | 1,202.2 |
| Participations and residuals | 435.1 | 329.6 |
| Film related obligations | 544.9 | 1,016.4 |
| Other liabilities | 452.5 | 120.9 |
| Deferred revenue | 118.4 | 52.0 |
| Deferred tax liabilities | 13.7 | 18.1 |
| Total liabilities | 6,129.9 | 4,848.0 |
| Commitments and contingencies (Note 17) | | |
| Redeemable noncontrolling interests | 123.3 | 343.6 |
| EQUITY (DEFICIT) | | |
| Common shares, no par value, unlimited authorized, 253.4 shares issued (March 31, 2023- 253.4 shares issued) | — | — |
| Accumulated deficit | (1,249.1) | (881.9) |
| Accumulated other comprehensive income | 96.7 | 101.5 |
| Total parent equity (deficit) | (1,152.4) | (780.4) |
| Noncontrolling interests | 2.2 | 1.5 |
| Total equity (deficit) | (1,150.2) | (778.9) |
| Total liabilities, redeemable noncontrolling interest and equity (deficit) | <u>\$ 5,103.0</u> | <u>\$4,412.7</u> |

See accompanying notes.

LIONSGATE STUDIOS CORP.
COMBINED STATEMENTS OF OPERATIONS

| | Year Ended March 31, | | |
|---|-------------------------|------------------|----------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Revenues: | | | |
| Revenue | \$ 2,440.5 | \$ 2,308.3 | \$ 2,068.1 |
| Revenue - Starz Business (Note 20) | 545.9 | 775.5 | 648.2 |
| Total revenues | <u>2,986.4</u> | <u>3,083.8</u> | <u>2,716.3</u> |
| Expenses: | | | |
| Direct operating | 1,886.7 | 2,207.9 | 1,922.1 |
| Distribution and marketing | 462.3 | 304.2 | 315.2 |
| General and administration | 349.2 | 387.0 | 342.7 |
| Depreciation and amortization | 15.6 | 17.9 | 18.1 |
| Restructuring and other | 132.9 | 27.2 | 6.3 |
| Total expenses | <u>2,846.7</u> | <u>2,944.2</u> | <u>2,604.4</u> |
| Operating income | 139.7 | 139.6 | 111.9 |
| Interest expense | (222.5) | (162.6) | (115.0) |
| Interest and other income | 19.2 | 6.4 | 28.0 |
| Other expense | (20.0) | (21.2) | (8.6) |
| Loss on extinguishment of debt | (1.3) | (1.3) | (3.4) |
| Gain on investments, net | 3.5 | 44.0 | 1.3 |
| Equity interests income (loss) | 8.7 | 0.5 | (3.0) |
| Income (loss) before income taxes | (72.7) | 5.4 | 11.2 |
| Income tax provision | (34.2) | (14.3) | (17.3) |
| Net loss | (106.9) | (8.9) | (6.1) |
| Less: Net loss attributable to noncontrolling interests | 13.4 | 8.6 | 17.2 |
| Net income (loss) attributable to Parent | <u>\$ (93.5)</u> | <u>\$ (0.3)</u> | <u>\$ 11.1</u> |
| Per share information attributable to Parent (Note 1): | | | |
| Basic net income (loss) per common share | <u>\$ (0.42)</u> | <u>\$ (0.00)</u> | <u>\$ 0.04</u> |
| Diluted net income (loss) per common share | <u>\$ (0.42)</u> | <u>\$ (0.00)</u> | <u>\$ 0.04</u> |
| Weighted average number of common shares outstanding (Note 1): | | | |
| Basic | 253.4 | 253.4 | 253.4 |
| Diluted | 253.4 | 253.4 | 253.4 |

See accompanying notes.

LIONSGATE STUDIOS CORP.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

| | Year Ended March 31, | | |
|---|-------------------------|----------------|-----------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Net loss | \$ (106.9) | \$ (8.9) | \$ (6.1) |
| Foreign currency translation adjustments, net of tax | (1.0) | (2.2) | (4.6) |
| Net unrealized gain (loss) on cash flow hedges, net of tax | (3.8) | 93.5 | 117.2 |
| Comprehensive income (loss) | <u>(111.7)</u> | <u>82.4</u> | <u>106.5</u> |
| Less: Comprehensive loss attributable to noncontrolling interests | 13.4 | 8.6 | 17.2 |
| Comprehensive income (loss) attributable to Parent | <u>\$ (98.3)</u> | <u>\$ 91.0</u> | <u>\$ 123.7</u> |

See accompanying notes.

LIONSGATE STUDIOS CORP.
COMBINED STATEMENTS OF EQUITY (DEFICIT)

| | Common Shares | | Accumulated Deficit | Parent Net Investment | Accumulated Other Comprehensive Income (Loss) (Amounts in millions) | Total Parent Equity (Deficit) | Non-controlling Interests (a) | Total Equity (Deficit) |
|---|---------------|-------------|---------------------|-----------------------|--|-------------------------------|-------------------------------|------------------------|
| | Number | Amount | | | | | | |
| Balance at March 31, 2021 | — | \$ — | \$ — | \$ (134.5) | \$ (102.4) | \$ (236.9) | \$ 1.6 | \$ (235.3) |
| Retroactive application of recapitalization | 253.4 | — | (134.5) | 134.5 | — | — | — | — |
| Balance at March 31, 2021, after effect of recapitalization (Note 1) | 253.4 | — | (134.5) | — | (102.4) | (236.9) | 1.6 | (235.3) |
| Net income | — | — | 11.1 | — | — | 11.1 | 0.5 | 11.6 |
| Net transfers from Parent | — | — | (49.5) | — | — | (49.5) | — | (49.5) |
| Noncontrolling interests | — | — | — | — | — | — | (0.3) | (0.3) |
| Redeemable noncontrolling interests adjustment to redemption value | — | — | (98.6) | — | — | (98.6) | — | (98.6) |
| Other comprehensive income | — | — | — | — | 112.6 | 112.6 | — | 112.6 |
| Balance at March 31, 2022 | 253.4 | — | \$ (271.5) | \$ — | \$ 10.2 | \$ (261.3) | \$ 1.8 | \$ (259.5) |
| Net income (loss) | — | — | (0.3) | — | — | (0.3) | 0.6 | 0.3 |
| Net transfers to Parent | — | — | (550.4) | — | — | (550.4) | — | (550.4) |
| Noncontrolling interests | — | — | — | — | — | — | (0.9) | (0.9) |
| Redeemable noncontrolling interests adjustment to redemption value | — | — | (59.7) | — | — | (59.7) | — | (59.7) |
| Other comprehensive income | — | — | — | — | 91.3 | 91.3 | — | 91.3 |
| Balance at March 31, 2023 | 253.4 | — | \$ (881.9) | \$ — | \$ 101.5 | \$ (780.4) | \$ 1.5 | \$ (778.9) |
| Net income (loss) | — | — | (93.5) | — | — | (93.5) | 1.5 | (92.0) |
| Net transfers to Parent | — | — | (239.5) | — | — | (239.5) | — | (239.5) |
| Noncontrolling interests | — | — | — | — | — | — | (0.8) | (0.8) |
| Redeemable noncontrolling interests adjustment to redemption value | — | — | (34.2) | — | — | (34.2) | — | (34.2) |
| Other comprehensive loss | — | — | — | — | (4.8) | (4.8) | — | (4.8) |
| Balance at March 31, 2024 | <u>253.4</u> | <u>\$ —</u> | <u>\$ (1,249.1)</u> | <u>\$ —</u> | <u>\$ 96.7</u> | <u>\$ (1,152.4)</u> | <u>\$ 2.2</u> | <u>\$ (1,150.2)</u> |

(a) Excludes redeemable noncontrolling interests, which are reflected in temporary equity (see Note 11).

See accompanying notes.

LIONSGATE STUDIOS CORP.
COMBINED STATEMENTS OF CASH FLOWS

| | Year Ended March 31, | | |
|---|-------------------------|-----------------|-----------------------|
| | 2024 | 2023 | 2022 (As Restated) |
| | (Amounts in millions) | | |
| Operating Activities: | | | |
| Net loss | \$ (106.9) | \$ (8.9) | \$ (6.1) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 15.6 | 17.9 | 18.1 |
| Amortization of films and television programs | 1,347.8 | 1,649.3 | 1,497.5 |
| Non-cash charge from the modification of an equity award (see Note 11) | 49.2 | — | — |
| Content and other impairments | 12.8 | 5.9 | — |
| Amortization of debt financing costs and other non-cash interest | 25.1 | 21.8 | 46.5 |
| Non-cash share-based compensation | 62.5 | 73.4 | 70.2 |
| Other amortization | 46.0 | 59.9 | 82.5 |
| Loss on extinguishment of debt | 1.3 | 1.3 | 3.4 |
| Equity interests (income) loss | (8.7) | (0.5) | 3.0 |
| Gain on investments, net | (3.5) | (44.0) | (1.3) |
| Deferred income taxes | (4.4) | 1.6 | 1.2 |
| Changes in operating assets and liabilities: | | | |
| Proceeds from the termination of interest rate swaps | — | 188.7 | — |
| Accounts receivable, net | 84.9 | (136.7) | (33.0) |
| Investment in films and television programs, net | (1,120.5) | (1,568.4) | (1,750.1) |
| Other assets | 16.5 | (44.9) | (207.0) |
| Accounts payable and accrued liabilities | (48.8) | 57.4 | (40.6) |
| Participations and residuals | 26.8 | 138.3 | (73.4) |
| Content related payables | (24.5) | (10.7) | 4.0 |
| Deferred revenue | 3.2 | (24.5) | (4.8) |
| Due from Starz Business | 114.5 | (30.8) | (45.1) |
| Net Cash Flows Provided By (Used In) Operating Activities | 488.9 | 346.1 | (435.0) |
| Investing Activities: | | | |
| Purchase of eOne, net of cash acquired (see Note 2) | (331.1) | — | — |
| Proceeds from the sale of equity method and other investments | 5.2 | 46.3 | 1.5 |
| Investment in equity method investees and other | (13.3) | (17.5) | (14.0) |
| Distributions from equity method investees and other | 0.8 | 1.9 | 7.2 |
| Acquisition of assets (film library and related assets) | — | — | (161.4) |
| Increase in loans receivable | (3.7) | — | (4.3) |
| Purchases of accounts receivables held for collateral | (85.5) | (183.7) | (172.9) |
| Receipts of accounts receivables held for collateral | 105.7 | 190.8 | 169.3 |
| Capital expenditures | (9.9) | (6.5) | (6.1) |
| Net Cash Flows Provided By (Used In) Investing Activities | (331.8) | 31.3 | (180.7) |
| Financing Activities: | | | |
| Debt - borrowings, net of debt issuance and redemption costs | 3,145.0 | 1,523.0 | 1,494.3 |
| Debt - repurchases and repayments | (2,611.4) | (1,745.8) | (1,629.5) |
| Film related obligations - borrowings | 1,820.8 | 1,584.7 | 1,083.0 |
| Film related obligations - repayments | (1,942.9) | (956.5) | (272.6) |
| Settlement of financing component of interest rate swaps | — | (134.5) | (28.5) |
| Purchase of noncontrolling interest | (194.6) | (36.5) | — |
| Distributions to noncontrolling interest | (1.7) | (7.6) | (1.5) |
| Parent net investment | (290.1) | (621.3) | (119.7) |
| Net Cash Flows Provided By (Used In) Financing Activities | (74.9) | (394.5) | 525.5 |
| Net Change In Cash, Cash Equivalents and Restricted Cash | 82.2 | (17.1) | (90.2) |
| Foreign Exchange Effects on Cash, Cash Equivalents and Restricted Cash | 0.8 | (1.8) | (0.8) |
| Cash, Cash Equivalents and Restricted Cash - Beginning Of Period | 251.4 | 270.3 | 361.3 |
| Cash, Cash Equivalents and Restricted Cash - End Of Period | \$ 334.4 | \$ 251.4 | \$ 270.3 |

See accompanying notes.

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS

Capitalized terms defined in these Notes to the Audited Combined Financial Statements shall have the meanings ascribed to such terms and for the purposes set forth herein.

1. Description of Business, Basis of Presentation and Significant Accounting Policies**Description of Business**

Lions Gate Entertainment Corp. (“Lionsgate,” or “Parent”) encompasses world-class motion picture and television studio operations (collectively referred to as the “Studio Business”) and the STARZ-branded premium global subscription platforms (the “Starz Business”) to bring a unique and varied portfolio of entertainment to consumers around the world. Lionsgate has historically had three reportable business segments: (1) Motion Picture, (2) Television Production and (3) Media Networks. The Studio Business is substantially reflected in the Lionsgate Motion Picture and Television Production segments. These financial statements reflect the combination of the assets, liabilities, operations and cash flows reflecting the Studio Business which is referred to in these combined financial statements as the “Studio Business” or the “Company”.

These combined financial statements of the Studio Business have been prepared on a carve-out basis and are derived from Lionsgate’s consolidated financial statements and accounting records. These combined financial statements reflect the Studio Business’s combined historical financial position, results of operations and cash flows as they were historically managed in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”). The combined financial statements may not be indicative of the Studio Business’s future performance and do not necessarily reflect what the financial position, results of operations and cash flows would have been had the Studio Business operated as an independent, publicly traded company during the periods presented.

The Studio Business consists of the Motion Picture and Television Production reportable segments, together with substantially all of Lionsgate’s corporate general and administrative costs. Motion Picture consists of the development and production of feature films, acquisition of North American and worldwide distribution rights, North American theatrical, home entertainment and television distribution of feature films produced and acquired, and worldwide licensing of distribution rights to feature films produced and acquired. Television Production consists of the development, production and worldwide distribution of television productions including television series, television movies and mini-series, and non-fiction programming. Television Production includes the domestic and international licensing of Starz original productions to the Starz Business, and the ancillary market distribution of Starz original productions and licensed product. Additionally, the Television Production segment includes the results of operations of 3 Arts Entertainment, a talent management company.

Basis of Presentation

The Studio Business has historically operated as part of Lionsgate and not as a standalone company. The Studio Business’s combined financial statements, representing the historical assets, liabilities, operations and cash flows of the combination of the operations making up the worldwide Studio Business, have been derived from the separate historical accounting records maintained by Lionsgate, and are presented on a carve-out basis. These combined financial statements reflect the combined historical results of operations, financial position, comprehensive income (loss) and cash flows of the Studio Business for the periods presented as historically managed within Lionsgate through the use of a management approach in identifying the Studio Business’s operations. In using the management approach, considerations over how the business operates were utilized to identify historical operations that should be presented within the carve-out financial statements. This approach was taken due to the organizational structure of certain legal entities comprising the Studio Business.

All revenues and costs as well as assets and liabilities directly associated with the business activity of the Studio Business are included in the accompanying combined financial statements. Revenues and costs associated with the Studio Business are specifically identifiable in the accounting records maintained by Lionsgate and primarily represent the revenue and costs used for the determination of segment profit of the Motion Picture and Television Production segments of Lionsgate. In addition, the Studio Business costs include an allocation of corporate general and administrative expense (inclusive of share-based compensation) which has been allocated to the Studio Business as further discussed below. Other costs excluded from the Motion Picture and Television Production segment profit but relating to the Studio Business are generally specifically identifiable as costs of the Studio Business in the accounting records of Lionsgate and are included in the accompanying combined financial statements.

Lionsgate utilizes a centralized approach to cash management. Cash generated by the Studio Business is managed by Lionsgate's centralized treasury function and cash is routinely transferred to the Company or to the Starz Business to fund operating activities when needed. Cash and cash equivalents of the Studio Business are reflected in the combined balance sheets. Payables to and receivables from Lionsgate, primarily related to the Starz Business, are often settled through movement to the intercompany accounts between Lionsgate, the Starz Business and the Studio Business. Other than certain specific balances related to unsettled payables or receivables, the intercompany balances between the Studio Business and Lionsgate have been accounted for as parent net investment, which has been recast to accumulated deficit as described under *Recapitalization* below. See Note 20 for further details.

The Studio Business is the primary borrower of certain corporate indebtedness (the revolving credit facility, term loan A and term loan B, together referred to as the "Senior Credit Facilities") of Lionsgate. The Senior Credit Facilities are generally used as a method of financing Lionsgate's operations in totality and are not specifically identifiable to the Studio Business or the Starz Business. It is not practical to determine what the capital structure would have been historically for the Studio Business or the Starz Business as standalone companies. A portion of Lionsgate's corporate debt, Lionsgate's 5.500% senior notes due April 15, 2029 (the "Senior Notes") and related interest expense are not reflected in the Studio Business's combined financial statements. The Studio Business remains a guarantor under the Senior Notes indenture agreement. See Note 7 for further details.

Additional indebtedness directly related to the Studio Business, including production loans, borrowings under the Production Tax Credit Facility, IP Credit Facility, and Backlog Facility (each as defined below) and other obligations, are reflected in the Studio Business combined financial statements. See Note 8 for further details.

Lionsgate's corporate general and administrative functions and costs have historically provided oversight over both the Starz Business and the Studio Business. These functions and costs include, but are not limited to, salaries and wages for certain executives and other corporate officers related to executive oversight, investor relations costs, costs for the maintenance of corporate facilities, and other common administrative support functions, including corporate accounting, finance and financial reporting, audit and tax costs, corporate and other legal support functions, and certain information technology and human resources expense. Accordingly, the audited financial statements of the Studio Business, include allocations of certain general and administrative expenses (inclusive of share-based compensation) from Lionsgate related to these corporate and shared service functions historically provided by Lionsgate. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on a pro rata basis of consolidated Lionsgate revenue, payroll expense or other measures considered to be a reasonable reflection of the historical utilization levels of these services. Accordingly, the Studio Business financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations if the Company had been operated as an unaffiliated entity, and may not be indicative of the expenses that the Company will incur in the future.

The Company also pays certain costs on behalf of the Starz Business such as certain rent expense, employee benefits, insurance and other administrative operating costs which are reflected as expenses of the Starz

Business. The Starz Business also pays certain costs on behalf of the Company such as legal expenses, software development costs and severance which are reflected as expenses of the Studio Business. The settlement of reimbursable expenses between the Studio Business and the Starz Business have been accounted for as parent net investment. See *Recapitalization* below and Note 20 for further detail of parent net investment included in these combined financial statements.

Management believes the assumptions underlying these combined financial statements, including the assumptions regarding the allocation of general and administrative expenses from Lionsgate to the Studio Business, are reasonable. However, the allocations may not include all of the actual expenses that would have been incurred by the Studio Business and may not reflect its combined results of operations, financial position and cash flows had it been a standalone company during the periods presented. It is not practicable to estimate actual costs that would have been incurred had the Studio Business been a standalone company and operated as an unaffiliated entity during the periods presented. Actual costs that might have been incurred had the Studio Business been a standalone company would depend on a number of factors, including the organizational structure, what corporate functions the Studio Business might have performed directly or outsourced, and strategic decisions the Company might have made in areas such as executive management, legal and other professional services, and certain corporate overhead functions. See Note 20 for further detail of the allocations included in these combined financial statements.

Recapitalization

On May 13, 2024, Lionsgate consummated the transactions contemplated by that certain business combination agreement (the “Business Combination Agreement”), with Screaming Eagle Acquisition Corp., a Cayman Islands exempted company (“SEAC”), SEAC II Corp., a Cayman Islands exempted company and a wholly-owned subsidiary of SEAC (“New SEAC”), LG Sirius Holdings ULC, a British Columbia unlimited liability company and a wholly-owned subsidiary of Lionsgate (“Studio HoldCo”), LG Orion Holdings ULC, a British Columbia unlimited liability company and wholly-owned subsidiary of Lionsgate (“StudioCo”), and other affiliates of SEAC. Pursuant to the terms and conditions of the Business Combination Agreement, the Studio Business was combined with SEAC through a series of transactions, including an amalgamation of StudioCo and New SEAC under a Canadian plan of arrangement (the “Business Combination”). In connection with the closing of the Business Combination, New SEAC changed its name to “Lionsgate Studios Corp.” and continues the existing business operations of the Studio Business of Lionsgate. The Company became a separate publicly traded company and its common shares, without par value (“LG Studios Common Shares”), commenced trading on Nasdaq under the symbol “LION” on May 14, 2024.

In connection with and prior to the Business Combination, Lionsgate and StudioCo entered into a separation agreement pursuant to which the assets and liabilities of the Studio Business were transferred to StudioCo such that StudioCo held, directly or indirectly, all of the assets and liabilities of the Studio Business (the “Separation”).

The Business Combination was accounted for as a reverse recapitalization in accordance with U.S GAAP. Under this method of accounting, SEAC is treated as the acquired company and the Studio Business is treated as the acquirer for financial reporting purposes. Accordingly, for accounting purposes, following the Business Combination, the financial statements of Lionsgate Studios will represent a continuation of the financial statements of the Studio Business, with the Business Combination treated as the equivalent of the Studio Business issuing LG Studios Common Shares for the historical net assets of SEAC, substantially consisting of cash held in the trust account, accompanied by a recapitalization of the Studio Business equity. The historical net assets were stated at fair value, which approximated historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination are those of the Studio Business.

To conform to the retroactive application of the reverse recapitalization, in all periods prior to the Business Combination, parent net investment transactions have been recast to accumulated deficit in the combined balance sheets and the combined statements of equity.

The shares and net income (loss) per common share, in all periods prior to the Business Combination, are based on the 253.4 million shares issued to Lionsgate at the closing of the Business Combination. See *Net Income (Loss) Per Share* below for further information.

Restatement of Statement of Cash Flows for the year ended March 31, 2022

The Company is restating its combined statement of cash flows for the fiscal year ended March 31, 2022 to correct a mathematical error in the previously issued financial statements. The following presents a reconciliation of the impacted financial statement line items as previously reported to the restated amounts for the year ended March 31, 2022 in order to correct the error:

| | As Previously Reported | Restatement Adjustment | As Restated |
|--|-----------------------------------|-----------------------------------|------------------------|
| | (Amounts in millions) | | |
| Net Cash Flows Provided by Financing Activities | \$ 644.2 | \$ (118.7) | \$ 525.5 |
| Net Change In Cash, Cash Equivalents and Restricted Cash | \$ 28.5 | \$ (118.7) | \$ (90.2) |
| Cash, Cash Equivalents and Restricted Cash - End Of Period | \$ 389.0 | \$ (118.7) | \$ 270.3 |

There was no impact as a result of correcting this previous mathematical error on the combined balance sheets as of March 31, 2024 and 2023, the combined statements of operations for the three years in the period ended March 31, 2024, or on the combined statements of cash flow for the years ended March 31, 2024 and 2023.

Generally Accepted Accounting Principles

These combined financial statements have been prepared in accordance with U.S. GAAP.

Principles of Consolidation

The accompanying combined financial statements of the Company have been derived from the consolidated financial statements and accounting records of Lionsgate and reflect certain allocations from Lionsgate as further discussed above.

All significant intercompany balances and transactions within the Company have been eliminated in these combined financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The most significant estimates made by management in the preparation of the financial statements relate to ultimate revenue and costs used for the amortization of investment in films and television programs; estimates related to the revenue recognition of sales or usage-based royalties; fair value of equity-based compensation; the allocations of costs to the Company for certain corporate and shared service functions in preparing the combined financial statements on a carve-out basis; fair value of assets and liabilities for allocation of the purchase price of companies acquired; income taxes including the assessment of valuation allowances for deferred tax assets; accruals for contingent liabilities; impairment assessments for investment in films and television programs, property and equipment, equity investments and goodwill. Actual results could differ from such estimates.

Reclassifications

Certain amounts presented in prior years have been reclassified to conform to the current year's presentation.

Significant Accounting Policies

Revenue Recognition

The Company's Motion Picture and Television Production segments generate revenue principally from the licensing of content in domestic theatrical exhibition, home entertainment (e.g., digital media and packaged media), television, and international market places.

Revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services or goods. Revenues do not include taxes collected from customers on behalf of taxing authorities such as sales tax and value-added tax.

Revenue also includes licensing of motion pictures and television programming (including Starz original productions) to the Starz Business. See Note 20 for further details.

Licensing Arrangements. The Company's content licensing arrangements include fixed fee and minimum guarantee arrangements, and sales or usage based royalties.

Fixed Fee or Minimum Guarantees: The Company's fixed fee or minimum guarantee licensing arrangements may, in some cases, include multiple titles, multiple license periods (windows) with a substantive period in between the windows, rights to exploitation in different media, or rights to exploitation in multiple territories, which may be considered distinct performance obligations. When these performance obligations are considered distinct, the fixed fee or minimum guarantee in the arrangement is allocated to the title, window, media right or territory as applicable, based on estimates of relative standalone selling prices. The amounts related to each performance obligation (i.e., title, window, media or territory) are recognized when the content has been delivered, and the window for the exploitation right in that territory has begun, which is the point in time at which the customer is able to begin to use and benefit from the content.

Sales or Usage Based Royalties: Sales or usage based royalties represent amounts due to the Company based on the "sale" or "usage" of the Company's content by the customer, and revenues are recognized at the later of when the subsequent sale or usage occurs, or the performance obligation to which some or all the sales or usage-based royalty has been allocated and has been satisfied (or partially satisfied). Generally, when the Company licenses completed content with standalone functionality (such as a movie, or television show), its performance obligation will be satisfied prior to the sale or usage. When the Company licenses intellectual property that does not have stand-alone functionality (e.g., brands, themes, logos, etc.), its performance obligation is generally satisfied in the same period as the sale or usage. The actual amounts due to the Company under these arrangements are generally not reported to the Company until after the close of the reporting period. The Company records revenue under these arrangements for the amounts due and not yet reported to the Company based on estimates of the sales or usage of these customers and pursuant to the terms of the contracts. Such estimates are based on information from the Company's customers, historical experience with similar titles in that market or territory, the performance of the title in other markets, and/or data available in the industry.

Revenues by Market or Product Line. The following describes the revenues generated by market or product line. Theatrical revenues are included in the Motion Picture segment; home entertainment, television, international and other revenues are applicable to both the Motion Picture and Television Production segments.

- **Theatrical.** Theatrical revenues are derived from the domestic theatrical release of motion pictures licensed to theatrical exhibitors on a picture-by-picture basis (distributed by the Company directly in

the United States and through a sub-distributor in Canada). Revenue from the theatrical release of feature films are treated as sales or usage-based royalties, are recognized as revenue starting at the exhibition date and are based on the Company's participation in box office receipts of the theatrical exhibitor.

- **Home Entertainment.** Home entertainment consists of Digital Media and Packaged Media.
 - **Digital Media.** Digital media includes digital transaction revenue sharing arrangements (pay-per-view and video-on-demand platforms, electronic sell through ("EST"), and digital rental) and licenses of content to digital platforms for a fixed fee.

Digital Transaction Revenue Sharing Arrangements: Primarily represents revenue sharing arrangements with certain digital media platforms which generally provide that, in exchange for a nominal or no upfront sales price, the Company shares in the rental or sales revenues generated by the platform on a title-by-title basis. These digital media platforms generate revenue from rental and EST arrangements, such as download-to-own, download-to-rent, and video-on-demand. These revenue sharing arrangements are recognized as sales or usage-based royalties based on the performance of these platforms and pursuant to the terms of the contract, as discussed above.

Licenses of Content to Digital Platforms: Primarily represents the licensing of content to subscription-video-on-demand ("SVOD") or other digital platforms for a fixed fee. As discussed above, revenues are recognized when the content has been delivered and the window for the exploitation right in that territory has begun.
 - **Packaged Media.** Packaged media revenues represent the sale of motion pictures and television shows (produced or acquired) on physical discs (DVD's, Blu-ray, 4K Ultra HD, referred to as "Packaged Media") in the retail market. Revenues are recognized, net of an allowance for estimated returns and other allowances, on the later of receipt by the customer or "street date" (when it is available for sale by the customer).
- **Television.** Television revenues are derived from the licensing to domestic markets (linear pay, basic cable, free television markets, syndication) of motion pictures (including theatrical productions and acquired films) and scripted and unscripted television series, television movies, mini-series, and non-fiction programming. Television revenues include fixed fee arrangements as well as arrangements in which the Company earns advertising revenue from the exploitation of certain content on television networks. Television also includes revenue from licenses to SVOD platforms in which the initial license of a television series is to an SVOD platform or the traditional pay window for a motion picture is licensed to an SVOD platform. Revenues associated with a title, right, or window from television licensing arrangements are recognized when the feature film or television program is delivered (on an episodic basis for television product) and the window for the exploitation right has begun.
- **International.** International revenues are derived from (1) licensing of the Company's productions, acquired films, catalog product and libraries of acquired titles to international distributors, on a territory-by-territory basis; (2) the direct distribution of the Company's productions, acquired films, and the Company's catalog product and libraries of acquired titles in the United Kingdom; and (3) licensing to international markets of scripted and unscripted series, television movies, mini-series and non-fiction programming. License fees and minimum guarantee amounts associated with title, window, media or territory, are recognized when access to the feature film or television program has been granted or delivery has occurred, as required under the contract, and the right to exploit the feature film or television program in that window, media or territory has commenced. Revenues are also generated from sales or usage based royalties received from international distributors based on their distribution performance pursuant to the terms of the contracts after the recoupment of certain costs in some cases, and the initial minimum guarantee, if any, and are recognized when the sale by the Company's customer generating a royalty due to the Company has occurred.

- **Other.** Other revenues are derived from the licensing of the Company's film and television and related content (games, music, location-based entertainment royalties, etc.) to other ancillary markets and from commissions and executive producer fees earned related to talent management.

Revenues from the licensing of film and television content and the sales and licensing of music are recognized when the content has been delivered and the license period has begun, as discussed above. Revenues from the licensing of symbolic intellectual property (i.e., licenses of motion pictures or television characters, brands, storylines, themes or logos) is recognized over the corresponding license term. Commissions are recognized as such services are provided.

Deferred Revenue. Deferred revenue relates primarily to customer cash advances or deposits received prior to when the Company satisfies the corresponding performance obligation.

Deferred revenue also relates to customer payments are made in advance of when the Company fulfills its performance obligation and recognizes revenue. This primarily occurs under television production contracts, in which payments may be received as the production progresses, international motion picture contracts, where a portion of the payments are received prior to the completion of the movie and prior to license rights start dates, and pay television contracts with multiple windows with a portion of the revenues deferred until the subsequent exploitation windows commence. These arrangements do not contain significant financing components because the reason for the payment structure is not for the provision of financing to the Company, but rather to mitigate the Company's risk of customer non-performance and incentivize the customer to exploit the Company's content.

See Note 12 for further information.

Accounts Receivable. Payment terms vary by location and type of customer and the nature of the licensing arrangement. However, other than certain multi-year license arrangements; payments are generally due within 60 days after revenue is recognized. For certain multi-year licensing arrangements, primarily in the television, digital media, and international markets, payments may be due over a longer period. When the Company expects the period between fulfillment of its performance obligation and the receipt of payment to be greater than a year, a significant financing component is present. In these cases, such payments are discounted to present value based on a discount rate reflective of a separate financing transaction between the customer and the Company, at contract inception. The significant financing component is recorded as a reduction to revenue and accounts receivable initially, with such accounts receivable discount amortized to interest income over the period to receipt of payment. The Company does not assess contracts with deferred payments for significant financing components if, at contract inception, the Company expects the period between fulfillment of the performance obligation and subsequent payment to be one year or less.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits at financial institutions and investments in money market mutual funds.

Restricted Cash

At March 31, 2024, the Company had restricted cash of \$57.4 million primarily representing amounts related to required cash reserves for interest payments associated with the Production Tax Credit Facility, IP Credit Facility and Backlog Facility (March 31, 2023- \$40.5 million). Restricted cash is included within "other current assets" and "other non-current assets" on the combined balance sheets (see Note 19).

Investment in Films and Television Programs

General. Investment in films and television programs includes the unamortized costs of films and television programs, which are monetized individually (i.e., through domestic theatrical, home entertainment, television, international or other ancillary-market distribution).

Recording Cost. Costs of acquiring and producing films and television programs and of acquired libraries are capitalized when incurred. For films and television programs produced by the Company, capitalized costs include all direct production and financing costs, capitalized interest and production overhead. For the years ended March 31, 2024, 2023 and 2022, total capitalized interest was \$21.0 million, \$28.1 million and \$12.8 million, respectively. For acquired films and television programs, capitalized costs consist of minimum guarantee payments to acquire the distribution rights.

Amortization. Costs of acquiring and producing films and television programs and of acquired libraries that are monetized individually are amortized using the individual-film-forecast method, whereby these costs are amortized and participations and residuals costs are accrued in the proportion that current year's revenue bears to management's estimate of ultimate revenue at the beginning of the current year expected to be recognized from the exploitation, exhibition or sale of the films or television programs.

Ultimate Revenue. Ultimate revenue includes estimates over a period not to exceed ten years following the date of initial release of the motion picture. For an episodic television series, the period over which ultimate revenues are estimated cannot exceed ten years following the date of delivery of the first episode, or, if still in production, five years from the date of delivery of the most recent episode, if later. For titles included in acquired libraries, ultimate revenue includes estimates over a period not to exceed twenty years following the date of acquisition.

Development. Films and television programs in development include costs of acquiring film rights to books, stage plays or original screenplays and costs to adapt such projects. Such costs are capitalized and, upon commencement of production, are transferred to production costs. Projects in development are written off at the earlier of the date they are determined not to be recoverable or when abandoned, or three years from the date of the initial investment unless the fair value of the project exceeds its carrying cost.

Impairment Assessment. An individual film or television program is evaluated for impairment when an event or change in circumstances indicates that the fair value of an individual film is less than its unamortized cost.

The fair value is determined based on a discounted cash flow analysis of the cash flows directly attributable to the title. To the extent the unamortized costs exceed the fair value, an impairment charge is recorded for the excess.

The discounted cash flow analysis includes cash flows estimates of ultimate revenue and costs as well as a discount rate (a Level 3 fair value measurement, see Note 10). The discount rate utilized in the discounted cash flow analysis is based on the weighted average cost of capital of the Company plus a risk premium representing the risk associated with producing a particular film or television program. Estimates of future revenue involve measurement uncertainty and it is therefore possible that reductions in the carrying value of investment in films and television programs may be required as a consequence of changes in management's future revenue estimates.

Property and Equipment, net

Property and equipment is carried at cost less accumulated depreciation. Depreciation is provided for on a straight line basis over the following useful lives:

| | |
|---------------------------------|---|
| Computer equipment and software | 3 - 5 years |
| Furniture and equipment | 3 - 5 years |
| Leasehold improvements | Lease term or the useful life, whichever is shorter |
| Land | Not depreciated |

The Company periodically reviews and evaluates the recoverability of property and equipment. Where applicable, estimates of net future cash flows, on an undiscounted basis, are calculated based on future revenue

estimates. If appropriate and where deemed necessary, a reduction in the carrying amount is recorded based on the difference between the carrying amount and the fair value based on discounted cash flows.

Leases

The Company determines if an arrangement is a lease at its inception. The expected term of the lease used for computing the lease liability and right-of-use (“ROU”) asset and determining the classification of the lease as operating or financing may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company also elected to not separate lease components from non-lease components across all lease categories. Instead, each separate lease component and non-lease component are accounted for as a single lease component.

Operating Leases. Operating lease ROU assets, representing the Company’s right to use the underlying asset for the lease term, are included in the “Other assets - non-current” line item in the Company’s combined balance sheets. Operating lease liabilities, representing the present value of the Company’s obligation to make payments over the lease term, are included in the “Other accrued liabilities” and “Other liabilities - non-current” line items in the Company’s combined balance sheets. The Company has entered into various short-term operating leases which have an initial term of 12 months or less. These short-term leases are not recorded on the Company’s combined balance sheets. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

The present value of the lease payments is calculated using a rate implicit in the lease, when readily determinable. However, as most of the Company’s leases do not provide an implicit rate, the Company uses its incremental borrowing rate to determine the present value of the lease payments for the majority of its leases.

Variable lease payments that are based on an index or rate are included in the measurement of ROU assets and lease liabilities at lease inception. All other variable lease payments are expensed as incurred and are not included in the measurement of ROU assets and lease liabilities.

The Company did not have any finance leases during the years ended March 31, 2024 and 2023.

Investments

Investments include investments accounted for under the equity method of accounting, and equity investments with and without readily determinable fair value.

Equity Method Investments: The Company uses the equity method of accounting for investments in companies in which it has a minority equity interest and the ability to exert significant influence over operating decisions of the companies. Significant influence is generally presumed to exist when the Company owns between 20% and 50% of the voting interests in the investee, holds substantial management rights or holds an interest of less than 20% in an investee that is a limited liability partnership or limited liability corporation that is treated as a flow-through entity.

Under the equity method of accounting, the Company’s share of the investee’s earnings (losses) are included in the “equity interests income (loss)” line item in the combined statements of operations. The Company records its share of the net income or loss of most equity method investments on a one quarter lag and, accordingly, during the years ended March 31, 2024, 2023 and 2022, the Company recorded its share of the income or loss generated by these entities for the years ended December 31, 2023, 2022 and 2021, respectively.

Dividends and other distributions from equity method investees are recorded as a reduction of the Company’s investment. Distributions received up to the Company’s interest in the investee’s retained earnings are considered returns on investments and are classified within cash flows from operating activities in the

combined statements of cash flows. Distributions from equity method investments in excess of the Company's interest in the investee's retained earnings are considered returns of investments and are classified within cash flows provided by investing activities in the combined statements of cash flows.

Other Equity Investments: Investments in nonconsolidated affiliates in which the Company owns less than 20% of the voting common stock, or does not exercise significant influence over operating and financial policies, are recorded at fair value using quoted market prices if the investment has a readily determinable fair value. If an equity investment's fair value is not readily determinable, the Company will recognize it at cost less any impairment, adjusted for observable price changes in orderly transactions in the investee's securities that are identical or similar to the Company's investments in the investee. The unrealized gains and losses and the adjustments related to the observable price changes are recognized in net income (loss).

Impairments of Investments: The Company regularly reviews its investments for impairment, including when the carrying value of an investment exceeds its market value. If the Company determines that an investment has sustained an other-than-temporary decline in its value, the investment is written down to its fair value by a charge to earnings. Factors that are considered by the Company in determining whether an other-than-temporary decline in value has occurred include (i) the market value of the security in relation to its cost basis, (ii) the financial condition of the investee, and (iii) the Company's intent and ability to retain the investment for a sufficient period of time to allow for recovery in the market value of the investment.

For investments accounted for using the equity method of accounting or equity investments without a readily determinable fair value, the Company evaluates information available (e.g., budgets, business plans, financial statements, etc.) in addition to quoted market prices, if any, in determining whether an other-than-temporary decline in value exists. Factors indicative of an other-than-temporary decline include recurring operating losses, credit defaults and subsequent rounds of financing at an amount below the cost basis of the Company's investment.

Finite-Lived Intangible Assets

Identifiable intangible assets with finite lives are amortized to depreciation and amortization expense over their estimated useful lives, ranging from 5 to 15 years.

Amortizable intangible assets are tested for impairment whenever events or changes in circumstances (triggering events) indicate that the carrying amount of the asset may not be recoverable. If a triggering event has occurred, an impairment analysis is required. The impairment test first requires a comparison of undiscounted future cash flows expected to be generated over the remaining useful life of an asset to the carrying value of the asset. The impairment test is performed at the lowest level of cash flows associated with the asset. If the carrying value of the asset exceeds the undiscounted future cash flows, the asset would not be deemed to be recoverable. Impairment would then be measured as the excess of the asset's carrying value over its fair value, which would generally be estimated based on a discounted cash flow ("DCF") model.

The Company monitors its finite-lived intangible assets and changes in the underlying circumstances each reporting period for indicators of possible impairments or a change in the useful life or method of amortization of its finite-lived intangible assets. No such triggering events were identified during the years ended March 31, 2024 and 2023.

Goodwill

At March 31, 2024, the carrying value of goodwill was \$811.2 million. Goodwill is allocated to the Company's reporting units, which are its operating segments or one level below its operating segments (component level). Reporting units are determined by the discrete financial information available for the component and whether that information is regularly reviewed by segment management. Components are

aggregated into a single reporting unit if they share similar economic characteristics. The Company's reporting units for purposes of goodwill impairment testing during the years ended March 31, 2024, 2023 and 2022 were Motion Picture, and the Television and Talent Management businesses, both of which are part of the Television Production segment.

Goodwill is not amortized, but is reviewed for impairment each fiscal year or between the annual tests if an event occurs or circumstances change that indicates it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value. The Company performs its annual impairment test as of January 1 in each fiscal year. A goodwill impairment loss would be recognized for the amount that the carrying amount of a reporting unit, including goodwill, exceeds its fair value. An entity may perform a qualitative assessment of the likelihood of the existence of a goodwill impairment. The qualitative assessment is an evaluation, based on all identified events and circumstances which impact the fair value of the reporting unit, of whether or not it is more likely than not that the fair value is less than the carrying value of the reporting unit. If the Company believes that as a result of its qualitative assessment it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, a quantitative impairment test is not required but may be performed at the option of the Company.

A quantitative assessment requires determining the fair value of the Company's reporting units. The determination of the fair value of each reporting unit utilizes DCF analyses and market-based valuation methodologies, which represent Level 3 fair value measurements. Fair value determinations require considerable judgment and requires assumptions and estimates of many factors, including revenue and market growth, operating margins and cash flows, market multiples and discount rates, and are sensitive to changes in these underlying assumptions and factors.

Goodwill Impairment Assessments:

Fiscal 2024. For the Company's annual goodwill impairment test for fiscal 2024, the Company performed qualitative goodwill impairment assessments for all reporting units (Motion Picture, and our Television and Talent Management businesses, both of which are part of our Television Production segment). Our qualitative assessment considered the recent performance of these reporting units, and updated forecasts of performance and cash flows, as well as the current micro and macroeconomic environments in relation to the current and expected performance of these reporting units, and industry considerations, and determined that since the date of the most recent quantitative assessment performed over these reporting units, there were no events or circumstances that rise to a level that would more-likely-than-not reduce the fair value of those reporting units below their carrying values; therefore, a quantitative goodwill impairment analysis was not required for these reporting units. See Note 6 for further information.

Fiscal 2023. In the second quarter of fiscal 2023, the Company updated its quantitative impairment assessment for all of its reporting units using a combination of DCF analyses and market-based valuation methodologies to estimate the fair value of the Company's reporting units and determined that the fair value of its reporting units exceeded the carrying values for all of its reporting units.

For the Company's annual goodwill impairment test for fiscal 2023, the Company performed a qualitative goodwill impairment assessment for all of its reporting units. The Company's qualitative assessment considered the increase in the market price of the Company's common shares from September 30, 2022, the recent performance of the Company's reporting units, and updated forecasts of performance and cash flows, as well as the continuing micro and macroeconomic environment, and industry considerations, and determined that since the quantitative assessment performed in the quarter ended September 30, 2022, there were no events or circumstances that rise to a level that would more likely than not reduce the fair value of those reporting units below their carrying values; therefore, a quantitative goodwill impairment analysis was not required.

Management will continue to monitor all of its reporting units for changes in the business environment that could impact the recoverability of goodwill in future periods. The recoverability of goodwill is dependent upon

the continued growth of revenue and cash flows from the Company's business activities. Examples of events or circumstances that could result in changes to the underlying key assumptions and judgments used in the Company's goodwill impairment tests, and ultimately impact the estimated fair value of the Company's reporting units may include the global economy; consumer consumption levels of the Company's content; adverse macroeconomic conditions related to higher inflation and interest rates and currency rate fluctuations, and the impact on the global economy from wars, terrorism and multiple international conflicts, and future bank failures; volatility in the equity and debt markets which could result in higher weighted-average cost of capital; capital market transactions; the duration and potential impact of strikes of unions, on our ability to produce, acquire and distribute our content; the commercial success of the Company's television programming and motion pictures; the Company's continual contractual relationships with its customers; and changes in consumer behavior. While historical performance and current expectations have resulted in fair values of the Company's reporting units in excess of carrying values, if the Company's assumptions are not realized, it is possible that an impairment charge may need to be recorded in the future.

Prints, Advertising and Marketing Expenses

The costs of prints, advertising and marketing expenses are expensed as incurred.

Advertising expenses for the year ended March 31, 2024 were \$347.8 million (2023 — \$203.4 million, 2022—\$201.6 million) which were recorded as distribution and marketing expenses in the accompanying combined statements of operations.

Income Taxes

The Company's results have historically been included in the consolidated U.S. federal income tax return and U.S. state income tax filings of Lionsgate. The Company has computed its provision for income taxes on a separate return basis in these combined financial statements. The separate return method applies the accounting guidance for income taxes to the stand-alone financial statements as if the Company was a separate taxpayer and a stand-alone enterprise for the periods presented. The calculation of income taxes for the Company on a separate return basis requires judgment and use of both estimates and allocations. However, as discussed above in Note 1, the combined historical results of the Studio Business are presented on a managed basis rather than a legal entity basis, with certain deductions and other items that are included in the consolidated financial statements of Lionsgate, but not included in the combined financial statements of the Studio Business.

Income taxes are accounted for using an asset and liability approach for financial accounting and reporting for income taxes and recognition and measurement of deferred assets are based upon the likelihood of realization of tax benefits in future years. Under this method, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are established when management determines that it is more likely than not that some portion or all of the net deferred tax asset, on a jurisdiction-by-jurisdiction basis, will not be realized. The financial effect of changes in tax laws or rates is accounted for in the period of enactment.

From time to time, the Company engages in transactions in which the tax consequences may be subject to uncertainty and judgment is required in assessing and estimating the tax consequences of these transactions. In determining the Company's tax provision for financial reporting purposes, the Company establishes a reserve for uncertain tax positions unless such positions are determined to be more likely than not of being sustained upon examination, based on their technical merits. The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense.

Government Assistance

The Company has access to government programs that are designed to promote film and television production and distribution in certain foreign countries. The Company also has access to similar programs in certain states within the U.S. that are designed to promote film and television production in those states.

Tax credits earned with respect to expenditures on qualifying film and television productions are recorded as a reduction to investment in films and television programs when the qualifying expenditures have been incurred provided that there is reasonable assurance that the credits will be realized (see Note 3 and Note 19).

Foreign Currency Translation

Monetary assets and liabilities denominated in currencies other than the functional currency are translated at exchange rates in effect at the balance sheet date. Resulting unrealized and realized gains and losses are included in the combined statements of operations.

Foreign company assets and liabilities in foreign currencies are translated into U.S. dollars at the exchange rate in effect at the balance sheet date. Foreign company revenue and expense items are translated at the average rate of exchange for the fiscal year. Gains or losses arising on the translation of the accounts of foreign companies are included in accumulated other comprehensive income or loss, a separate component of equity.

Derivative Instruments and Hedging Activities

Derivative financial instruments are used by the Company in the management of its foreign currency and interest rate exposures. The Company's policy is not to use derivative financial instruments for trading or speculative purposes.

The Company uses derivative financial instruments to hedge its exposures to foreign currency exchange rate and interest rate risks. All derivative financial instruments are recorded at fair value in the combined balance sheets (see Note 10). The effective changes in fair values of derivatives designated as cash flow hedges are recorded in accumulated other comprehensive income or loss and included in unrealized gains (losses) on cash flow hedges until the underlying hedged item is recognized in earnings. The effective changes in the fair values of derivatives designated as cash flow hedges are reclassified from accumulated other comprehensive income or loss to net income or net loss when the underlying hedged item is recognized in earnings. If the derivative is not designated as a hedge, changes in the fair value of the derivative are recognized in earnings. See Note 18 for further discussion of the Company's derivative financial instruments.

Parent Net Investment

Parent net investment represents Lionsgate's historical investment in the Company, the accumulated net earnings (losses) after taxes and the net effect of settled transactions with and allocations from Lionsgate. All transactions reflected in parent net investment by Lionsgate have been considered as financing activities for purposes of the combined statements of cash flows. To conform to the retroactive application of the reverse recapitalization as described above, transactions historically presented as parent net investment have been recast to accumulated deficit in the combined balance sheets and the combined statements of equity.

Share-Based Compensation

Certain Company employees participate in the share-based compensation plans sponsored by Lionsgate. Lionsgate share-based compensation awards granted to employees of the Company consist of stock options, restricted share units and share appreciation rights. As such, the awards to Company employees are reflected in accumulated deficit (as recast from parent net investment in connection with the reverse recapitalization, see

Recapitalization above) within the combined statements of equity (deficit) at the time they are expensed. The combined statements of operations also include an allocation of Lionsgate corporate and shared employee share-based compensation expenses.

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. The fair value is recognized in earnings over the period during which an employee is required to provide service. See Note 13 for further discussion of the Company's share-based compensation.

Transfers of Financial Assets

The Company enters into arrangements to sell certain financial assets (i.e., monetize its trade accounts receivables). For a transfer of financial assets to be considered a sale, the asset must be legally isolated from the Company and the purchaser must have control of the asset. Determining whether all the requirements have been met includes an evaluation of legal considerations, the extent of the Company's continuing involvement with the assets transferred and any other relevant considerations. When the true sales criteria are met, the Company derecognizes the carrying value of the financial asset transferred and recognizes a net gain or loss on the sale. The proceeds from these arrangements with third party purchasers are reflected as cash provided by operating activities in the combined statements of cash flows. If the sales criteria are not met, the transfer is considered a secured borrowing and the financial asset remains on the combined balance sheets with proceeds from the sale recognized as debt and recorded as cash flows from financing activities in the combined statements of cash flows. See Note 19 for discussion of the Company's accounts receivable monetization.

Net Income (Loss) Per Share

Basic net income (loss) per share is calculated based on the weighted average common shares outstanding for the period. Basic and diluted net income (loss) per share for the years ended March 31, 2024, 2023 and 2022 is presented below:

| | Year Ending March 31, | | |
|--|---|------------------|----------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions, except per share amounts) | | |
| Basic and Diluted Net Income (Loss) per Common Share: | | | |
| Numerator: | | | |
| Net income (loss) attributable to Parent | \$ (93.5) | \$ (0.3) | \$ 11.1 |
| Accretion of redeemable noncontrolling interest | (11.9) | — | — |
| Net income (loss) attributable to Parent after accretion of redeemable noncontrolling interest | <u>\$ (105.4)</u> | <u>\$ (0.3)</u> | <u>\$ 11.1</u> |
| Denominator: | | | |
| Weighted average common shares outstanding | <u>253.4</u> | <u>253.4</u> | <u>253.4</u> |
| Basic and diluted net loss per common share | <u>\$ (0.42)</u> | <u>\$ (0.00)</u> | <u>\$ 0.04</u> |

Basic net income (loss) per share and diluted net income (loss) per share was calculated based on the 253.4 million shares issued to Lionsgate at the closing of the Business Combination.

For the years ended March 31, 2024, 2023 and 2022, there were no outstanding common shares issuable.

Recent Accounting Pronouncements

Segment Reporting: In November 2023, the Financial Accounting Standards Board (“FASB”) issued guidance which expands public entities’ segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment’s profit or loss and assets. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and therefore will be effective beginning with the Company’s financial statements issued for the fiscal year ending March 31, 2025 and subsequent interim periods, with early adoption permitted. The Company is currently evaluating the impact of adopting this guidance on its combined financial statements and disclosures.

Income Taxes: In December 2023, the FASB issued guidance which expands income tax disclosures by requiring public business entities, on an annual basis, to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. Additionally, this guidance requires all entities disaggregate disclosures on the amount of income taxes paid (net of refunds received), income or loss from continuing operations before income tax expense (or benefit) and income tax expense (or benefit) from continuing operations. This guidance is effective for fiscal years beginning after December 15, 2024, and therefore will be effective beginning with the Company’s financial statements issued for the fiscal year ending March 31, 2026, with early adoption permitted. The Company is currently evaluating the impact of adopting this guidance on its combined financial statements and disclosures.

2. Acquisition

eOne Acquisition

On December 27, 2023, Lionsgate and its subsidiaries, Lions Gate Entertainment Inc., a Delaware corporation (“LGEI”), and Lions Gate International Motion Pictures S.à.r.l., a Luxembourg société à responsabilité limitée (“LGIMP” and, with the Company and LGEI, collectively the “Buyers”), completed the previously announced acquisition of all of the issued and outstanding equity interests of the companies constituting the Entertainment One television and film (“eOne”) business from Hasbro, Inc., a Rhode Island corporation (“Hasbro”), pursuant to that certain Equity Purchase Agreement (the “Purchase Agreement”) dated August 3, 2023. The aggregate cash purchase price was approximately \$385.1 million, inclusive of certain purchase price adjustments, including for cash, debt, and working capital. The preliminary purchase price is subject to further adjustments based on the final determination of the purchase price adjustments. The acquisition of eOne, a film and television production and distribution company, builds the Company’s film and television library, strengthens the Company’s scripted and unscripted television business, and continues to expand the Company’s presence in Canada and the U.K.

The acquisition was accounted for under the acquisition method of accounting, with the financial results of eOne included in the Company’s combined results from December 27, 2023. Revenues and loss before income taxes from eOne for the period from December 27, 2023 through March 31, 2024 amounted to approximately \$113.8 million and \$4.9 million, respectively. The Company incurred approximately \$9.4 million of acquisition-related costs that were expensed in restructuring and other during the fiscal year ended March 31, 2024.

Allocation of Purchase Consideration. The Company has made a preliminary estimate of the allocation of the preliminary purchase price of eOne to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair value. The Company is still evaluating the fair value of film and television programs and libraries, projects in development, intangible assets, participations and residuals liabilities, and income taxes, in addition to ensuring all other assets and liabilities have been identified and recorded. The Company has estimated the preliminary fair value of assets acquired and liabilities assumed based on information currently available and will continue to adjust those estimates as additional information pertaining to events or circumstances present at December 27, 2023 becomes available and final appraisals and analysis are completed.

The Company will reflect measurement period adjustments, in the period in which the adjustments occur, and the Company will finalize its accounting for the acquisition within one year from December 27, 2023 (see Note 6 for measurement period adjustments recorded through March 31, 2024). A change in the fair value of the net assets may change the amount recognized to goodwill. If the final fair value estimates and tax adjustments related to the net assets acquired decrease from their preliminary estimates, the amount of goodwill will increase and if the final fair value estimates and tax adjustments related to the net assets acquired increase from their preliminary estimates, the amount of goodwill will decrease and may result in a gain on purchase. In addition, the final fair value estimates related to the net assets acquired could impact the amount of amortization expense recorded associated with amounts allocated to film and television programs and other intangible assets. The preliminary goodwill amount is reflected in the table below, and arises from the opportunity for strengthening our global distribution infrastructure and enhanced positioning for motion picture and television projects and selling opportunities. The goodwill will not be amortized for financial reporting purposes, and will not be deductible for federal tax purposes. The fair value measurements were primarily based on significant inputs that are not observable in the market, such as discounted cash flow (DCF) analyses, and thus represent Level 3 fair value measurements.

The preliminary allocation of the purchase price to the assets acquired and liabilities assumed, and a reconciliation to total consideration transferred is presented in the table below:

| | (Amounts in millions) |
|---|-----------------------|
| Cash and cash equivalents | \$ 54.1 |
| Accounts receivable | 298.8 |
| Investment in films and television programs | 371.8 |
| Property and equipment | 14.0 |
| Intangible assets | 4.0 |
| Other assets ⁽¹⁾ | 168.2 |
| Accounts payable and accrued liabilities | (67.8) |
| Content related payable | (35.4) |
| Participations and residuals ⁽¹⁾ | (201.9) |
| Film related obligations ⁽¹⁾ | (105.8) |
| Other liabilities and deferred revenue ⁽¹⁾ | (130.5) |
| Preliminary fair value of net assets acquired | 369.5 |
| Goodwill | 15.6 |
| Preliminary purchase price consideration | <u>\$ 385.1</u> |

(1) Includes current and non-current amounts.

Investment in films and television programs includes the preliminary fair value of completed films and television programs which have been produced by eOne or for which eOne has acquired distribution rights, as well as the preliminary fair value of films and television programs in production, pre-production and development. For investment in films and television programs, the fair value was preliminarily estimated based on forecasted cash flows discounted to present value at a rate commensurate with the risk of the assets. Titles that were released less than three years prior to the acquisition date (December 27, 2023) were valued individually and will be amortized using the individual film forecast method, based on the ratio of current period revenues to management's estimated remaining total gross revenues to be earned ("ultimate revenue"). Titles released more than three years prior to the acquisition date were valued as part of a library and will be amortized on a straight-line basis over the estimated useful life of 5 years to 10 years.

The intangible assets acquired include trade names with a weighted average estimated useful life of 5 years. The fair value of the trade names was preliminarily estimated based on the present value of the hypothetical cost savings that could be realized by the owner of the trade names as a result of not having to pay a stream of royalty

payments to another party. These cost savings were calculated based on a DCF analysis of the hypothetical royalty payment that a licensee would be required to pay in exchange for use of the trade names, reduced by the tax effect realized by the licensee on the royalty payments.

Other preliminary fair value adjustments were made to property and equipment and right-of-use lease assets to reflect the fair value of certain assets upon acquisition.

Deferred taxes, net of any required valuation allowance, were preliminarily adjusted to record the deferred tax impact of acquisition accounting adjustments primarily related to amounts allocated to film and television programs, other intangible assets, and certain property and equipment, right-of-use lease assets, and other liabilities.

The fair value of eOne's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, participations and residuals, film related obligations and other liabilities were estimated to approximate their book values.

Pro Forma Statement of Operations Information. The following unaudited pro forma condensed combined statement of operations information presented below illustrates the results of operations of the Company as if the acquisition of eOne as described above occurred on April 1, 2022. The unaudited pro forma condensed combined financial information is presented for informational purposes and is not indicative of the results of operations that would have been achieved if the acquisition had occurred on April 1, 2022, nor is it indicative of future results. The statement of operations information below includes (i) the statement of operations of eOne for the nine months ended December 27, 2023 combined with the Company's statement of operations for the fiscal year ended March 31, 2024 (which includes the operations of eOne since the December 27, 2023 acquisition date), and (ii) the statement of operations of eOne for the fiscal year ended December 25, 2022 combined with the Company's statement of operations for the fiscal year ended March 31, 2023.

| | Year Ended March 31, | |
|---------------------------------------|----------------------|-----------|
| | 2024 | 2023 |
| Revenues | \$3,380.0 | \$3,911.6 |
| Net income (loss) attributable Parent | \$ (376.5) | \$ 63.4 |

The unaudited pro forma condensed combined financial information includes, where applicable, adjustments for (i) reductions in amortization expense from the fair value adjustments to investment in films and television programs, (ii) reduction in amortization expense related to acquired intangible assets, (iii) reduction in depreciation expense from the fair value of property and equipment, (iv) transaction costs and other one-time non-recurring costs (v) increase in interest expense resulting from financing the acquisition with borrowings under the Company's revolving credit facility, (vi) elimination of intercompany activity between eOne and the Company, and (vii) associated tax-related impacts of adjustments. These pro forma adjustments are based on available information as of the date hereof and upon assumptions that the Company believes are reasonable to reflect the impact of the acquisition of eOne on the Company's historical financial information on a supplemental pro forma basis. The unaudited pro forma condensed combined statement of operations information does not include adjustments related to integration activities, operating efficiencies or cost savings. In addition, the unaudited pro forma condensed combined financial information for the year ended March 31, 2024 includes an impairment of goodwill and trade name of \$296.2 million which was reflected in the statement of operations of eOne for the nine months ended December 27, 2023.

The results of operations of eOne were reflected beginning December 27, 2023, in the Motion Picture and Television Production reportable segments of the Company.

Spyglass. On July 15, 2021, the Company purchased approximately 200 feature film titles (the "Spyglass Library") from Spyglass Media Group, LLC ("Spyglass"). The Company also formed a strategic content

partnership through an investment of a minority preferred equity interest in Spyglass. The purchase price, including acquisition costs, of the Spyglass Library and preferred equity interest was \$191.4 million, of which \$171.4 million was paid at closing, \$10.0 million was paid in July 2022, and the remaining \$10.0 million was paid in July 2023. The Spyglass Library was accounted for as an asset acquisition and is included in investment in film and television programs on the Company's combined balance sheet. The equity interest was accounted for as an equity-method investment (see Note 5).

3. Investment in Films and Television Programs

The predominant monetization strategy for all of the Company's investments in films and television programs is on an individual film basis. Total investment in films and television programs is as follows:

| | March 31, 2024 | March 31, 2023 |
|---|-----------------------|-------------------|
| | (Amounts in millions) | |
| Investment in Films and Television Programs ⁽¹⁾⁽²⁾ : | | |
| Released, net of accumulated amortization | \$ 992.2 | \$ 779.9 |
| Completed and not released | 225.4 | 289.8 |
| In progress | 644.4 | 649.1 |
| In development | 67.0 | 67.9 |
| Investment in films and television programs, net | <u>\$1,929.0</u> | <u>\$1,786.7</u> |

(1) At March 31, 2024, the unamortized balance related to completed and not released and in progress theatrical films was \$532.5 million.

(2) Production tax credits reduced total investment in films and television programs by \$112.2 million and \$181.2 million during the years ended March 31, 2024 and 2023, respectively, which resulted in a reduction of direct operating expense related to the amortization of investment in films and television programs cost of approximately \$70.6 million and \$84.3 million for the years ended March 31, 2024 and 2023, respectively.

At March 31, 2024, acquired film and television libraries have remaining unamortized costs of \$223.1 million, which are monetized individually and are being amortized on a straight-line basis or the individual-film-forecast method over a weighted average remaining period of approximately 12.8 years (March 31, 2023 - unamortized costs of \$132.8 million).

Amortization of investment in film and television programs was \$1,347.8 million, \$1,649.3 million and \$1,497.5 million for the years ended March 31, 2024, 2023 and 2022, respectively, and was included in direct operating expense in the combined statements of operations.

The table below summarizes estimated future amortization expense for the Company's investment in film and television programs as of March 31, 2024:

| | Year Ending March 31, | | |
|--|--------------------------|----------|----------|
| | 2025 | 2026 | 2027 |
| | (Amounts in millions) | | |
| Estimated future amortization expense: | | | |
| Released investment in films and television programs | \$ 391.2 | \$ 189.5 | \$ 147.5 |
| Completed and not released investment in films and television programs | \$ 139.6 | n/a | n/a |

Impairments. Investment in films and television programs includes write-downs to fair value, which are included in direct operating expense on the combined statements of operations, and represented the following amounts by segment for the years ended March 31, 2024, 2023 and 2022:

| | Year Ended March 31, | | |
|--|-------------------------|----------------|----------------|
| | 2024 | 2023 | 2022 |
| (Amounts in millions) | | | |
| Impairments by segment: | | | |
| Included in direct operating expense⁽¹⁾: | | | |
| Motion Picture | \$ 34.6 | \$ 6.2 | \$ 1.2 |
| Television Production | 8.4 | 4.6 | 34.9 |
| Impairments not included in segment operating results⁽²⁾ | 12.8 | — | — |
| | <u>\$ 55.8</u> | <u>\$ 10.8</u> | <u>\$ 36.1</u> |

- (1) Impairments included in direct operating expense are included in the amortization expense amounts disclosed above.
(2) Amounts in fiscal 2024 represent development costs written off in connection with changes in strategy in the Television Production segment as a result of the acquisition of eOne which are included in restructuring and other.

See Note 15 and Note 16 for further information.

4. Property and Equipment

| | March 31, 2024 | March 31, 2023 |
|--|----------------|----------------|
| (Amounts in millions) | | |
| Leasehold improvements | \$ 34.4 | \$ 27.6 |
| Property and equipment | 18.1 | 15.2 |
| Computer equipment and software | 84.2 | 71.5 |
| | 136.7 | 114.3 |
| Less accumulated depreciation and amortization | (100.6) | (91.7) |
| | 36.1 | 22.6 |
| Land | 1.2 | 1.2 |
| | <u>\$ 37.3</u> | <u>\$ 23.8</u> |

During the year ended March 31, 2024, depreciation expense amounted to \$10.3 million (2023 - \$12.2 million, 2022 - \$12.4 million).

5. Investments

The Company's investments consisted of the following:

| | March 31, 2024 | March 31, 2023 |
|--|-------------------|-------------------|
| (Amounts in millions) | | |
| Investments in equity method investees | \$ 68.4 | \$ 63.1 |
| Other investments | 6.4 | 1.6 |
| | <u>\$ 74.8</u> | <u>\$ 64.7</u> |

Equity Method Investments:

The Company has investments in various equity method investees with ownership percentages ranging from approximately 6% to 49%. These investments include:

Spyglass. Spyglass is a global premium content company, focused on developing, producing, financing and acquiring motion pictures and television programming across all platforms for worldwide audiences.

STARZPLAY Arabia. STARZPLAY Arabia (Playco Holdings Limited) offers a STARZ-branded online subscription video-on-demand service in the Middle East and North Africa. On October 17, 2022, the Company sold a portion of its ownership interest in STARZPLAY Arabia and received net proceeds of \$43.4 million and the Company recorded a gain of \$43.4 million on the sale which is included in gain (loss) on investments in the Company's combined statement of operations. Subsequent to the transaction, the Company continues to hold a minority ownership interest in STARZPLAY Arabia.

Roadside Attractions. Roadside Attractions is an independent theatrical distribution company.

Pantelion Films. Pantelion Films is a joint venture with Videocine, an affiliate of Televisa, which produces, acquires and distributes a slate of English and Spanish language feature films that target Hispanic moviegoers in the U.S.

Atom Tickets. Atom Tickets is the first-of-its-kind theatrical mobile ticketing platform and app.

42. 42 is a fully integrated management and production company, producing film, television and content, representing actors, writers, directors, comedians, presenters, producers, casting directors and media book rights; with offices in London and Los Angeles.

Other. In addition to the equity method investments discussed above, the Company holds ownership interests in other immaterial equity method investees.

6. Goodwill and Intangible Assets

Goodwill

Changes in the carrying value of goodwill by reporting segment were as follows:

| | Motion Picture | Television Production | Total |
|---|------------------------------|----------------------------------|----------------|
| | (Amounts in millions) | | |
| Balance as of March 31, 2023 and 2022 | \$393.7 | \$ 401.9 | \$795.6 |
| Acquisition of eOne (see Note 2) | 1.0 | 4.8 | 5.8 |
| Measurement period adjustments ⁽¹⁾ | 3.9 | 5.9 | 9.8 |
| Balance as of March 31, 2024 | <u>\$398.6</u> | <u>\$ 412.6</u> | <u>\$811.2</u> |

(1) Measurement period adjustments for the acquisition of eOne reflect an increase to goodwill of \$9.8 million resulting from a net decrease in estimated fair value of the net assets acquired. The decrease in the estimated fair value of the net assets acquired consisted of net decreases to accounts receivable and other assets of \$11.4 million and \$12.4 million, respectively, partially offset by a net increase to investment in films and television programs of \$4.0 million, and net decreases to content related payables of \$1.9 million, accrued liabilities of \$3.8 million, participations and residuals of \$1.9 million, and deferred revenue of \$2.4 million.

Intangible Assets

Finite-Lived Intangible Assets. Finite-lived intangible assets consisted of the following:

| | March 31, 2024 | | | March 31, 2023 | | |
|---|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| (Amounts in millions) | | | | | | |
| Finite-lived intangible assets subject to amortization: | | | | | | |
| Customer relationships | \$ 23.9 | \$ 21.7 | \$ 2.2 | \$ 31.0 | \$ 10.0 | \$ 21.0 |
| Trademarks and trade names | 7.6 | 3.0 | 4.6 | 3.6 | 2.6 | 1.0 |
| Other | 31.0 | 12.1 | 18.9 | 23.9 | 19.0 | 4.9 |
| | <u>\$ 62.5</u> | <u>\$ 36.8</u> | <u>\$ 25.7</u> | <u>\$ 58.5</u> | <u>\$ 31.6</u> | <u>\$ 26.9</u> |

Amortization expense associated with the Company's intangible assets for the years ended March 31, 2024, 2023 and 2022 was approximately \$5.3 million, \$5.7 million and \$5.7 million, respectively. Amortization expense remaining relating to intangible assets for each of the years ending March 31, 2025 through 2029 is estimated to be approximately \$4.2 million, \$2.5 million, \$2.2 million, \$2.2 million, and \$2.1 million, respectively.

7. Debt

Total debt of the Company, excluding film related obligations, was as follows:

| | March 31, 2024 | March 31, 2023 |
|---------------------------------|-----------------|-------------------|
| (Amounts in millions) | | |
| Senior Credit Facilities: | | |
| Revolving Credit Facility | \$ 575.0 | \$ — |
| Term Loan A | 399.3 | 428.2 |
| Term Loan B | 819.2 | 831.7 |
| Total corporate debt | 1,793.5 | 1,259.9 |
| Unamortized debt issuance costs | (10.2) | (16.3) |
| Total debt, net | 1,783.3 | 1,243.6 |
| Less current portion | (860.3) | (41.4) |
| Non-current portion of debt | <u>\$ 923.0</u> | <u>\$ 1,202.2</u> |

The following table sets forth future annual contractual principal payment commitments of debt as of March 31, 2024:

| Debt Type | Maturity Date | Year Ending March 31, | | | | | | Total |
|--|---------------|-----------------------|---------------|----------------|------------|------------|-------------|------------------|
| | | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter | |
| (Amounts in millions) | | | | | | | | |
| Revolving Credit Facility | April 2026 | \$ — | \$ — | \$575.0 | \$— | \$— | \$ — | \$ 575.0 |
| Term Loan A | April 2026 | 41.1 | 44.5 | 313.7 | — | — | — | 399.3 |
| Term Loan B | March 2025 | 819.2 | — | — | — | — | — | 819.2 |
| | | <u>\$860.3</u> | <u>\$44.5</u> | <u>\$888.7</u> | <u>\$—</u> | <u>\$—</u> | <u>\$ —</u> | <u>\$1,793.5</u> |
| Less aggregate unamortized debt issuance costs | | | | | | | | (10.2) |
| | | | | | | | | <u>\$1,783.3</u> |

Senior Credit Facilities (Revolving Credit Facility, Term Loan A and Term Loan B)

Revolving Credit Facility Availability of Funds & Commitment Fee. The revolving credit facility provides for borrowings and letters of credit up to an aggregate of \$1.25 billion, and at March 31, 2024 there was \$675.0 million available. There were no letters of credit outstanding at March 31, 2024. However, borrowing levels are subject to certain financial covenants as discussed below. The Company is required to pay a quarterly commitment fee on the revolving credit facility of 0.250% to 0.375% per annum, depending on the achievement of certain leverage ratios, as defined in the credit and guarantee agreement dated December 8, 2016, as amended (the “Credit Agreement”), on the total revolving credit facility of \$1.25 billion less the amount drawn.

Maturity Date:

- *Revolving Credit Facility & Term Loan A:* April 6, 2026. The outstanding amounts may become due on December 23, 2024 (i.e., 91 days prior to March 24, 2025) prior to its maturity on April 6, 2026 in the event that the aggregate principal amount of outstanding Term Loan B in excess of \$250 million has not been repaid, refinanced or extended to have a maturity date on or after July 6, 2026. The Company expects to refinance and extend the maturity date of the Term Loan B prior to December 23, 2024 such that the maturity of the revolving credit facility and Term Loan A are not accelerated.
- *Term Loan B:* March 24, 2025.

Interest:

- *Revolving Credit Facility & Term Loan A:* As amended on June 14, 2023, the Revolving Credit Facility and Term Loan A bear interest at a rate per annum equal to SOFR plus 0.10% plus 1.75% margin (or an alternative base rate plus 0.75% margin), with a SOFR floor of zero. The margin is subject to potential increases of up to 50 basis points (two (2) increases of 25 basis points each) upon certain increases to net first lien leverage ratios, as defined in the Credit Agreement (effective interest rate of 7.17% as of March 31, 2024, before the impact of interest rate swaps).
- *Term Loan B:* As amended on June 14, 2023, the term loan B facility due March 2025 (the “Term Loan B”) bears interest at a rate per annum equal to SOFR plus 0.10% plus 2.25% margin, with a SOFR floor of zero (or an alternative base rate plus 1.25% margin) (effective interest rate of 7.67% as of March 31, 2024, before the impact of interest rate swaps).

Required Principal Payments:

- *Term Loan A:* Quarterly principal payments, at quarterly rates of 1.25% beginning September 30, 2022, 1.75% beginning September 30, 2023, and 2.50% beginning September 30, 2024 through March 31, 2026, with the balance payable at maturity.
- *Term Loan B:* Quarterly principal payments, at a quarterly rate of 0.25%, with the balance payable at maturity.

The Term Loan A and Term Loan B also require mandatory prepayments in connection with certain asset sales, subject to certain significant exceptions, and the Term Loan B is subject to additional mandatory repayment from specified percentages of excess cash flow, as defined in the Credit Agreement.

Optional Prepayment:

- *Revolving Credit Facility, Term Loan A & Term Loan B:* The Company may voluntarily prepay the Revolving Credit Facility, Term Loan A and Term Loan B at any time without premium or penalty.

Security. The Senior Credit Facilities are guaranteed by the guarantors named in the Credit Agreement (including entities of Lionsgate that are not part of the Company) and are secured by a security interest in substantially all of the assets of Lionsgate and the Guarantors (as defined in the Credit Agreement), subject to certain exceptions.

Covenants. The Senior Credit Facilities contain representations and warranties, events of default and affirmative and negative covenants that are customary for similar financings and which include, among other things and subject to certain significant exceptions, restrictions on the ability to declare or pay dividends, create liens, incur additional indebtedness, make investments, dispose of assets and merge or consolidate with any other person. In addition, a net first lien leverage maintenance covenant and an interest coverage ratio maintenance covenant apply to the Revolving Credit Facility and the Term Loan A and are tested quarterly. These covenants and ratios are applicable to and computed for the applicable entities pursuant to the agreement which includes Lionsgate subsidiaries which are not part of the Company. As of March 31, 2024, Lionsgate was in compliance with all applicable covenants.

Change in Control. The Company may also be subject to an event of default upon a change of control (as defined in the Credit Agreement) which, among other things, includes a person or group acquiring ownership or control in excess of 50% of existing Lionsgate common stock.

Lionsgate Senior Notes

As discussed in Note 1, the Senior Notes of Lionsgate are not reflected in the Studio Business combined financial statements. The Studio Business remains a guarantor under the Senior Notes indenture agreement. The outstanding principal balance of the Senior Notes was \$715.0 million and \$800.0 million at March 31, 2024 and 2023, respectively, with a maturity date of April 15, 2029. The Studio Business guarantee would be applicable if an event of default were to occur by Lionsgate. As of March 31, 2024, Lionsgate was in compliance with all applicable covenants with respect to the Senior Notes and no events of default had occurred.

See Note 21 for the Lionsgate Senior Notes exchanged in May 2024.

Debt Transactions

Term Loan A Prepayment. In April 2022, the Company voluntarily prepaid the entire outstanding principal amount of the Term Loan A due March 22, 2023 of \$193.6 million, together with accrued and unpaid interest.

Credit Agreement Amendment. On April 6, 2021, the Company amended its Credit Agreement to, among other things, extend the maturity (the “Extension”) of a portion of its revolving credit commitments, amounting to \$1.25 billion, and a portion of its outstanding term A loans, amounting to \$444.9 million to April 6, 2026, and make certain other changes to the covenants and other provisions therein. After giving effect to the Extension, \$250.0 million of the prior revolving credit commitments and \$215.1 million of term A loans remained outstanding with a maturity of March 22, 2023. The revolving credit commitments due in March of 2023 were terminated in November 2021 and the term A loans due in March of 2023 were repaid in full in April 2022 (see Term Loan A Prepayment discussion above).

See the *Accounting for the Credit Agreement Amendment* section further below.

Term Loan B Repurchases. During the year ended March 31, 2022, the Company completed a series of repurchases of the Term Loan B and, in aggregate, paid \$95.3 million to repurchase \$96.0 million principal amount of the Term Loan B.

Loss on Extinguishment of Debt

During the fiscal years ended March 31, 2024, 2023, and 2022, the Company recorded a loss on extinguishment of debt related to the transactions described above as summarized in the table below.

| | Year Ended March 31, | | |
|---|-----------------------|----------------|----------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Loss on Extinguishment of Debt: | | | |
| Production loan prepayment ⁽¹⁾ | \$(1.3) | \$— | \$— |
| Term Loan A prepayment | — | (1.3) | — |
| Credit Agreement amendment (Revolving Credit Facility and Term Loan A) ⁽²⁾ | — | — | (1.7) |
| Termination of a portion of Revolving Credit Facility commitments | — | — | (1.1) |
| Term Loan B repurchases and other | — | — | (0.6) |
| | <u>\$(1.3)</u> | <u>\$(1.3)</u> | <u>\$(3.4)</u> |

(1) Represents issuance costs written off in connection with the early prepayment of certain production loans (see Note 8).

(2) See *Accounting for the Credit Agreement Amendment* section below.

Accounting for the Credit Agreement Amendment in Fiscal 2022:

Revolving Credit Facility Credit Agreement Amendment on April 6, 2021.

- **Unamortized debt issuance costs:** Where the borrowing capacity (measured as the amount available under the revolving credit facility multiplied by the remaining term) was less than it was prior to the amendment measured on a creditor-by-creditor basis, the unamortized debt issuance costs were written off as a loss on extinguishment of debt in proportion to the decrease in borrowing capacity.
- **Fees paid to creditors and third-party costs:** All fees paid to creditors or third parties (i.e., new debt issuance costs) are being amortized over the term of the Revolving Credit Facility due in 2026.

Term Loan A Credit Agreement Amendment on April 6, 2021. With respect to substantially all creditors participating in the Term Loan A, the amendment of the credit agreement was considered a modification of terms since the present value of the cash flows after the amendment differed by less than a 10% change from the present value of the cash flows on a creditor-by-creditor basis prior to the amendment. Where the cash flows differed by more than 10% on a creditor by creditor basis, that portion was considered a debt extinguishment. For new participating creditors, their portion of the debt was treated as new issuances to new creditors. Accordingly, the associated costs were accounted for as follows:

- **Unamortized debt issuance costs, third-party costs and fees paid to creditors:** To the extent the refinancing was considered a modification of terms, the unamortized debt issuance costs and fees paid to creditors were recorded as a reduction of the applicable debt outstanding, and are being amortized over the applicable term of the debt and the third-party costs were expensed as a loss on extinguishment of debt. To the extent the refinancing was considered an extinguishment, the unamortized debt issuance costs and fees paid to creditors were expensed as a loss on extinguishment of debt, and the third-party costs were recorded as a reduction of the applicable debt outstanding and are being amortized over the applicable term of the debt. To the extent there was a reduction of the outstanding balance on a creditor-by-creditor basis (i.e., a partial prepayment of debt), previously incurred unamortized debt issuance costs and fees were expensed as a loss on extinguishment of debt on the combined statement of operations.

For all of the above transactions, debt issuance costs recorded as a reduction of outstanding debt are amortized using the effective interest method.

The following table summarizes the accounting for the Credit Agreement Amendment on April 6, 2021, as described above:

| | Year Ended March 31, 2022 | | Total |
|---|--------------------------------------|--|---------------|
| | Loss on Extinguishment of Debt | Recorded as a Reduction of Outstanding Debt Balances & Amortized Over Life of New Issuances | |
| (Amounts in millions) | | | |
| Credit Agreement amendment (Revolving Credit Facility and Term Loan A): | | | |
| New debt issuance costs and call premiums | \$ 0.6 | \$ 5.6 | \$ 6.2 |
| Previously incurred debt issuance costs | 1.1 | 18.4 | 19.5 |
| | <u>\$ 1.7</u> | <u>\$ 24.0</u> | <u>\$25.7</u> |

8. Film Related Obligations

| | March 31, 2024 | March 31, 2023 |
|--|-----------------------|-------------------|
| | (Amounts in millions) | |
| Film related obligations: | | |
| Production Loans | \$ 1,292.2 | \$1,349.9 |
| Production Tax Credit Facility | 260.0 | 231.8 |
| Backlog Facility and Other | 287.3 | 226.0 |
| IP Credit Facility | 109.9 | 143.8 |
| Total film related obligations | 1,949.4 | 1,951.5 |
| Unamortized issuance costs | (11.4) | (11.4) |
| Total film related obligations, net | 1,938.0 | 1,940.1 |
| Less current portion | (1,393.1) | (923.7) |
| Total non-current film related obligations | <u>\$ 544.9</u> | <u>\$1,016.4</u> |

The following table sets forth future annual repayment of film related obligations as of March 31, 2024:

| | Year Ending March 31, | | | | | | Total |
|---|-----------------------|----------------|---------------|----------------|------------|------------|-------------------|
| | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter | |
| (Amounts in millions) | | | | | | | |
| Production Loans | \$ 973.3 | \$318.9 | \$ — | \$ — | \$ — | \$ — | \$ 1,292.2 |
| Production Tax Credit Facility ⁽¹⁾ | 260.0 | — | — | — | — | — | 260.0 |
| Backlog Facility and Other ⁽¹⁾ | 118.8 | 24.1 | — | 144.4 | — | — | 287.3 |
| IP Credit Facility ⁽²⁾ | 41.0 | 50.1 | 18.8 | — | — | — | 109.9 |
| | <u>\$1,393.1</u> | <u>\$393.1</u> | <u>\$18.8</u> | <u>\$144.4</u> | <u>\$—</u> | <u>\$—</u> | <u>\$ 1,949.4</u> |
| Less unamortized issuance costs | | | | | | | (11.4) |
| | | | | | | | <u>\$ 1,938.0</u> |

(1) The repayment dates are based on the projected future amount of collateral available under these facilities. Net advances and payments under these facilities can fluctuate depending on the amount of collateral available.

(2) Repayment dates are based on the projected future cash flows generated from the exploitation of the rights, subject to a minimum guaranteed payment amount, as applicable (see further information below).

Production Loans. Production loans represent individual and multi-title loans for the production of film and television programs that the Company produces. The majority of the Company’s production loans have contractual repayment dates either at or near the expected completion or release dates, with the exception of certain loans containing repayment dates on a longer term basis, and incur primarily SOFR-based interest at a weighted average rate of 6.96% (before the impact of interest rate swaps, see Note 18 for interest rate swaps). Production loans amounting to \$1,028.9 million are secured by collateral which consists of the underlying rights related to the intellectual property (i.e. film or television show), and \$263.3 million are unsecured.

Production Tax Credit Facility. In January 2021, as amended in March 2024, the Company entered into a non-recourse senior secured revolving credit facility (the “Production Tax Credit Facility”) based on and secured by collateral consisting solely of certain of the Company’s tax credit receivables.

The maximum principal amount of the Production Tax Credit Facility is \$260.0 million, subject to the amount of collateral available, which is based on specified percentages of amounts payable to the Company by governmental authorities pursuant to the tax incentive laws of certain eligible jurisdictions that arise from the production or exploitation of motion pictures and television programming in such jurisdiction. Cash collections from the underlying collateral (tax credit receivables) are used to repay the Production Tax Credit Facility. As of March 31, 2024, tax credit receivables amounting to \$341.4 million represented collateral related to the Production Tax Credit Facility. Advances under the Production Tax Credit Facility bear interest at a rate equal to SOFR plus 0.10% to 0.25% depending on the SOFR term (i.e., one, three or six months), plus 1.50% per annum or the base rate plus 0.50% per annum (effective interest rate of 6.92% at March 31, 2024). The Production Tax Credit Facility matures on January 27, 2025. As of March 31, 2024, there were no material amounts available under the Production Tax Credit Facility.

IP Credit Facility. In July 2021, as amended in September 2022, certain subsidiaries of the Company entered into a senior secured amortizing term credit facility (the “IP Credit Facility”) based on and secured by the collateral consisting solely of certain of the Company’s rights in certain acquired library titles. The maximum principal amount of the IP Credit Facility is \$161.9 million, subject to the amount of collateral available, which is based on the valuation of cash flows from the libraries. The cash flows generated from the exploitation of the rights will be applied to repay the IP Credit Facility subject to cumulative minimum guaranteed payment amounts as set forth below:

| <u>Cumulative Period From September 29, 2022 Through:</u> | <u>Cumulative Minimum Guaranteed Payment Amounts (in millions)</u> | <u>Payment Due Date</u> |
|---|--|-------------------------|
| September 30, 2023 | \$30.4 | November 14, 2023 |
| September 30, 2024 | \$60.7 | November 14, 2024 |
| September 30, 2025 | \$91.1 | November 14, 2025 |
| September 30, 2026 | \$121.4 | November 14, 2026 |
| July 30, 2027 | \$161.9 | July 30, 2027 |

Advances under the IP Credit Facility bear interest at a rate equal to, at the Company’s option, SOFR plus 0.11% to 0.26% depending on the SOFR term (i.e., one or three months) plus 2.25% per annum (with a SOFR floor of 0.25%) or the base rate plus 1.25% per annum (effective interest rate of 7.75% at March 31, 2024). The IP Credit Facility matures on July 30, 2027.

Backlog Facility and Other:

Backlog Facility. In March 2022, as amended in August 2022, certain subsidiaries of the Company entered into a committed secured revolving credit facility (the “Backlog Facility”) based on and secured by collateral consisting solely of certain of the Company’s fixed fee or minimum guarantee contracts where cash will be received in the future. The maximum principal amount of the Backlog Facility is \$175.0 million, subject to the

amount of eligible collateral contributed to the facility. Advances under the Backlog Facility bear interest at a rate equal to Term SOFR plus 0.10% to 0.25% depending on the SOFR term (i.e., one, three or six months), plus an applicable margin amounting to 1.15% per annum. The applicable margin is subject to a potential increase to either 1.25% or 1.50% based on the weighted average credit quality rating of the collateral contributed to the facility (effective interest rate of 6.57% at March 31, 2024). The Backlog Facility revolving period ends on May 16, 2025, at which point cash collections from the underlying collateral is used to repay the facility. The facility maturity date is up to 2 years, 90 days after the revolving period ends, currently August 14, 2027. As of March 31, 2024, there was \$175.0 million outstanding under the Backlog Facility, and there were no amounts available under the Backlog Facility (March 31, 2023 - \$175.0 million outstanding).

Other: The Company has other loans, which are secured by accounts receivable and contracted receivables which are not yet recognized as revenue under certain licensing agreements. Outstanding loan balances under these “other” loans must be repaid with any cash collections from the underlying collateral if and when received by the Company, and may be voluntarily repaid at any time without prepayment penalty fees. As of March 31, 2024, there was \$112.3 million outstanding under the “other” loans, incurring SOFR-based interest at a weighted average rate of 6.89%, of which \$24.1 million has a contractual repayment date in July 2025 and \$88.2 million has a contractual repayment date in April 2027. As of March 31, 2024, accounts receivable amounting to \$47.8 million and contracted receivables not yet reflected as accounts receivable on the balance sheet at March 31, 2024 amounting to \$84.5 million represented collateral related to the “other” loans.

9. Leases

The Company has operating leases primarily for office space, studio facilities, and other equipment. The Company’s leases have remaining lease terms of up to approximately 12.25 years.

The following disclosures are based on leases whereby the Company has a contract for which the leased asset and lease liability is recognized on the Company’s combined balance sheets and reflect leases related to the Studio Business’s operations and Lionsgate corporate leases. The amounts presented are not necessarily indicative of future lease arrangements and do not necessarily reflect the results that the Company would have experienced as a standalone company for the periods presented.

The components of lease cost were as follows:

| | <u>Year Ended March 31,</u> | | |
|--|-----------------------------|----------------|----------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | (Amounts in millions) | | |
| Operating lease cost⁽¹⁾ | \$ 48.7 | \$ 35.3 | \$ 42.1 |
| Short-term lease cost⁽²⁾ | 96.2 | 145.0 | 233.1 |
| Variable lease cost⁽³⁾ | 3.0 | 2.8 | 1.3 |
| Total lease cost | <u>\$147.9</u> | <u>\$183.1</u> | <u>\$276.5</u> |

- (1) Operating lease cost amounts primarily represent the amortization of right-of-use assets and are included in the “other amortization” line of the combined statements of cash flows. Amounts include costs capitalized during the period for leased assets used in the production of film and television programs.
- (2) Short-term lease cost primarily consists of leases of facilities and equipment associated with film and television productions and are capitalized when incurred.
- (3) Variable lease cost primarily consists of insurance, taxes, maintenance and other operating costs.

Supplemental balance sheet information related to leases was as follows:

| <u>Category</u> | <u>Balance Sheet Location</u> | <u>March 31, 2024</u> | <u>March 31, 2023</u> |
|---------------------------------|---------------------------------|---------------------------|---------------------------|
| (Amounts in millions) | | | |
| Operating Leases | | | |
| Right-of-use assets | Other assets - non-current | \$ 344.3 | \$ 116.8 |
| Lease liabilities (current) | Other accrued liabilities | \$ 44.4 | \$ 37.7 |
| Lease liabilities (non-current) | Other liabilities - non-current | 329.7 | 96.4 |
| | | <u>\$ 374.1</u> | <u>\$ 134.1</u> |

| | <u>March 31, 2024</u> | <u>March 31, 2023</u> |
|--|---------------------------|---------------------------|
| Weighted average remaining lease term (in years): | | |
| Operating leases | 9.4 | 4.3 |
| Weighted average discount rate: | | |
| Operating leases | 5.37% | 3.65% |

The expected future payments relating to the Company's lease liabilities at March 31, 2024 are as follows:

| | <u>Operating Leases (Amounts in millions)</u> |
|-----------------------|---|
| Year ending March 31, | |
| 2025 | \$ 62.9 |
| 2026 | 56.1 |
| 2027 | 49.3 |
| 2028 | 49.2 |
| 2029 | 45.4 |
| Thereafter | 220.8 |
| Total lease payments | 483.7 |
| Less imputed interest | (109.6) |
| Total | <u>\$ 374.1</u> |

As of March 31, 2024, the Company has entered into certain leases that have not yet commenced primarily related to studio facilities, for which construction related to those leases has not yet been completed. The leases are for terms up to 12.25 years, commencing upon completion of construction (currently expected to be ranging from calendar years 2025 to 2026). The leases include an option to extend the initial term for an additional 10 years to 12 years. The total minimum lease payments under these leases in aggregate are approximately \$250.9 million.

10. Fair Value Measurements

Fair Value

Accounting guidance and standards about fair value define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy

Fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value

hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The accounting guidance and standards establish three levels of inputs that may be used to measure fair value:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

The following table sets forth the assets and liabilities required to be carried at fair value on a recurring basis as of March 31, 2024 and 2023:

| | March 31, 2024 | | | March 31, 2023 | | |
|--|----------------|---------|-------|----------------|---------|--------|
| | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total |
| (Amounts in millions) | | | | | | |
| Assets: | | | | | | |
| Forward exchange contracts (see Note 18) | \$ — | \$ — | \$ — | \$ — | \$ 2.9 | \$ 2.9 |
| Interest rate swaps (see Note 18) | — | 35.6 | 35.6 | — | 41.1 | 41.1 |
| Liabilities: | | | | | | |
| Forward exchange contracts (see Note 18) | — | (2.8) | (2.8) | — | (0.1) | (0.1) |

The following table sets forth the carrying values and fair values of the Company's outstanding debt, film related obligations, and interest rate swaps at March 31, 2024 and 2023:

| | March 31, 2024 | | March 31, 2023 | |
|--------------------------------|----------------|--|----------------|--|
| | Carrying Value | Fair Value ⁽¹⁾ (Level 2) | Carrying Value | Fair Value ⁽¹⁾ (Level 2) |
| Term Loan A | \$ 396.6 | \$ 397.3 | \$ 424.2 | \$ 415.4 |
| Term Loan B | 816.9 | 818.1 | 827.2 | 817.1 |
| Production Loans | 1,286.2 | 1,292.2 | 1,346.1 | 1,349.9 |
| Production Tax Credit Facility | 258.7 | 260.0 | 229.4 | 231.8 |
| Backlog Facility and Other | 285.4 | 287.3 | 223.7 | 226.0 |
| IP Credit Facility | 107.6 | 109.9 | 140.8 | 143.8 |

(1) The Company measures the fair value of its outstanding debt and interest rate swaps using discounted cash flow techniques that use observable market inputs, such as SOFR-based yield curves, swap rates, and credit ratings (Level 2 measurements).

The Company's financial instruments also include cash and cash equivalents, accounts receivable, accounts payable, content related payables, other accrued liabilities, other liabilities, and borrowings under the Revolving Credit Facility, if any. The carrying values of these financial instruments approximated the fair values at March 31, 2024 and 2023.

11. Noncontrolling Interests

Redeemable Noncontrolling Interests

Redeemable noncontrolling interests (included in temporary equity on the combined balance sheets) primarily relate to 3 Arts Entertainment and Pilgrim Media Group, as further described below.

Redeemable noncontrolling interests are measured at the greater of (i) the redemption amount that would be paid if settlement occurred at the balance sheet date less the amount attributed to unamortized noncontrolling interest discount if applicable, or (ii) the historical value resulting from the original acquisition date value plus or minus any earnings or loss attribution, plus the amount of amortized noncontrolling interest discount, less the amount of cash distributions that are not accounted for as compensation, if any. The amount of the redemption value in excess of the historical values of the noncontrolling interest, if any, is recognized as an increase to redeemable noncontrolling interest and a charge to accumulated deficit (as recast from parent net investment in connection with the reverse recapitalization, see Note 1).

The table below presents the reconciliation of changes in redeemable noncontrolling interests:

| | Year Ended March 31, | | |
|--|-----------------------|----------------|----------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Beginning balance | \$ 343.6 | \$321.2 | \$219.1 |
| Net loss attributable to redeemable noncontrolling interests | (14.9) | (9.2) | (17.7) |
| Noncontrolling interests discount accretion | — | 13.2 | 22.7 |
| Adjustments to redemption value | 83.4 | 78.4 | 98.6 |
| Other ⁽¹⁾ | (93.2) | 1.7 | — |
| Cash distributions | (1.0) | (6.6) | (1.5) |
| Purchase of noncontrolling interest | (194.6) | (55.1) | — |
| Ending balance | <u>\$ 123.3</u> | <u>\$343.6</u> | <u>\$321.2</u> |

(1) In fiscal 2024, amounts represent the reclassification of a portion of the 3 Arts Entertainment redeemable noncontrolling interest from mezzanine equity to a liability, as further described below.

3 Arts Entertainment:

Accounting Prior to Acquisition of Additional Interest on January 2, 2024. As of March 31, 2023, the Company had a redeemable noncontrolling interest representing 49% of 3 Arts Entertainment. The noncontrolling interest was subject to put and call options at fair value that were exercisable during the year ended March 31, 2024. The put and call options were determined to be embedded in the noncontrolling interest, and because the put rights were outside the control of the Company, the noncontrolling interest holder's interest prior to the modification discussed below was included in redeemable noncontrolling interest outside of equity on the Company's combined balance sheets.

The noncontrolling interest holders are employees of 3 Arts Entertainment. Pursuant to the various 3 Arts Entertainment acquisition and related agreements, a portion of the noncontrolling interest holders' participation in the put and call proceeds was based on the noncontrolling interest holders' performance during the period. Further, if the employment of a noncontrolling interest holder is terminated, under certain circumstances, their participation in distributions cease and the put and call value was discounted from the fair value of their equity ownership percentage. Accordingly, earned distributions were accounted for as compensation and were being expensed within general and administrative expense as incurred. Additionally, the amount of the put and call proceeds subject to the discount was accounted for as compensation, and amortized over the vesting period within general and administrative expense and reflected as an addition to redeemable noncontrolling interest over the vesting period which ended in November 2022.

A portion of the purchase price of the controlling interest in 3 Arts Entertainment, up to \$38.3 million, was recoupable for a five-year period commencing on the acquisition date of May 29, 2018, contingent upon the continued employment of certain employees, or the achievement of certain EBITDA targets, as defined in the 3 Arts Entertainment acquisition and related agreements. Accordingly, \$38.3 million was initially recorded as a deferred compensation arrangement within other current and non-current assets and was amortized in general and administrative expenses over the five-year period ended May 29, 2023.

Acquisition of Additional Interest. On January 2, 2024, Lionsgate closed on the acquisition of an additional 25% of 3 Arts Entertainment representing approximately half of the noncontrolling interest for \$194.1 million. In addition, Lionsgate purchased certain profit interests held by certain managers and entered into certain option rights agreements, which replaced the put and call rights discussed above by providing noncontrolling interest holders the right to sell to the Company and Lionsgate the right to purchase their remaining (24%) interest beginning in January 2027.

The purchase of the additional 25% interest in 3 Arts Entertainment for \$194.1 million was recorded as a reduction of noncontrolling interest which had previously been adjusted to its redemption value, which equaled fair value. At the completion of the purchase, a portion of the noncontrolling interest continued to be considered compensatory, as it was subject to forfeiture provisions upon termination of employment under certain circumstances, and the remaining portion represented the noncontrolling interest holders' fully vested equity interest. Under the new arrangement, the holders' right to sell their interest to the Company, and the Company's right to purchase the noncontrolling interest, are based on a formula-based amount (i.e., a fixed EBITDA multiple), subject to a minimum purchase price, rather than being based on fair value. Since the redemption features described above were based on a formula using a fixed multiple, the compensatory portion of the noncontrolling interest is now considered a liability award, and as a result, approximately \$93.2 million was reclassified from mezzanine equity to a liability, and is reflected in "other liabilities - non-current" in the combined balance sheet at March 31, 2024. In addition, because the new arrangement represented a modification of terms of the compensation element under the previous arrangement which resulted in the reclassification of the equity award to a liability award, the Company recognized incremental compensation expense of \$49.2 million in the quarter ended March 31, 2024, representing the excess of the fair value of the modified award over amounts previously expensed. This incremental expense was reflected in "restructuring and other" in the combined statement of operations, and as a reduction of accumulated deficit (as recast from parent net investment in connection with the reverse recapitalization, see Note 1) in equity, reflected in the "redeemable noncontrolling interests adjustments to redemption value" line item in the combined statements of equity (deficit).

As of March 31, 2024, the Company had a remaining redeemable noncontrolling interest balance related to 3 Arts Entertainment of \$93.2 million, reflecting the fully vested equity portion of the noncontrolling interest, which remains classified as redeemable noncontrolling interest outside of equity on the Company's combined balance sheets due to the purchase and sale rights beginning in 2027 which were determined to be embedded in the noncontrolling interest, and are outside the control of the Company. The redeemable noncontrolling interest will be adjusted to its redemption value through accumulated deficit (as recast from parent net investment in connection with the reverse recapitalization, see Note 1) through the sale or purchase right date in January 2027. The liability component of the noncontrolling interest, amounting to \$93.2 million at March 31, 2024, will be reflected at its estimated redemption value, with any changes in estimated redemption value recognized as a charge or benefit in general and administrative expense in the combined statement of operations over the vesting period (i.e., the period from January 2, 2024 to the sale or purchase right date in January 2027). Earned distributions continue to be accounted for as compensation since such amounts are allocated based on performance, and are being expensed within general and administrative expense as incurred.

Pilgrim Media Group:

In connection with the acquisition of a controlling interest in Pilgrim Media Group on November 12, 2015, the Company recorded a redeemable noncontrolling interest of \$90.1 million, representing 37.5% of Pilgrim Media Group. Pursuant to an amendment dated April 2, 2021, the put and call rights associated with the Pilgrim Media Group noncontrolling interest were extended and modified, such that the noncontrolling interest holder had a right to put and the Company had a right to call a portion of the noncontrolling interest, equal to 25% of Pilgrim Media Group, at fair value, exercisable for thirty (30) days beginning November 12, 2022. On November 14, 2022, the noncontrolling interest holder exercised the right to put a portion of the noncontrolling interest, equal to 25% of Pilgrim Media Group. In February 2023, the Company paid \$36.5 million as settlement of the exercised put option, and recorded a reduction to redeemable noncontrolling interest of \$55.1 million representing the carrying value of the noncontrolling interest purchased, with the difference between the carrying value of the noncontrolling interest purchased and the cash paid for the settlement of the put recorded as an increase to accumulated deficit (as recast from parent net investment in connection with the reverse recapitalization, see Note 1) of \$18.6 million. The noncontrolling interest holder has a right to put and the Company has a right to call the remaining amount of noncontrolling interest at fair value, subject to a cap, exercisable for thirty (30) days beginning November 12, 2024, as amended. The put and call options have been determined to be embedded in the noncontrolling interest, and because the put rights are outside the control of the Company and require partial cash settlement, the noncontrolling interest holder's interest is presented as redeemable noncontrolling interest outside of equity on the Company's combined balance sheets.

Other:

The Company has other immaterial redeemable noncontrolling interests.

Other Noncontrolling Interests

The Company has other immaterial noncontrolling interests that are not redeemable.

12. Revenue

Revenue by Segment, Market or Product Line

The table below presents revenues by segment, market or product line for the fiscal years ended March 31, 2024, 2023 and 2022. The Motion Picture and Television Production segments include the revenues of eOne from the acquisition date of December 27, 2023 (see Note 2).

| | Year Ended March 31, | | |
|--|-------------------------|----------|---------|
| | 2024 | 2023 | 2022 |
| (Amounts in millions) | | | |
| Revenue by Type: | | | |
| Motion Picture | | | |
| Theatrical | \$ 226.5 | \$ 120.7 | \$ 65.3 |
| Home Entertainment | | | |
| Digital Media | 652.3 | 527.5 | 497.1 |
| Packaged Media | 84.0 | 70.5 | 115.0 |
| Total Home Entertainment | 736.3 | 598.0 | 612.1 |
| Television | 274.4 | 217.8 | 257.9 |
| International | 391.0 | 365.0 | 234.4 |
| Other | 28.1 | 22.2 | 15.6 |
| Total Motion Picture revenues ⁽¹⁾ | 1,656.3 | 1,323.7 | 1,185.3 |

| | Year Ended March 31, | | |
|---|-------------------------|-------------------|-------------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Television Production | | | |
| Television | 788.5 | 1,144.3 | 1,094.5 |
| International | 228.8 | 277.7 | 256.5 |
| Home Entertainment | | | |
| Digital Media | 240.6 | 241.7 | 85.1 |
| Packaged Media | 2.0 | 3.3 | 6.9 |
| Total Home Entertainment | 242.6 | 245.0 | 92.0 |
| Other | 70.2 | 93.1 | 88.0 |
| Total Television Production revenues ⁽²⁾ | 1,330.1 | 1,760.1 | 1,531.0 |
| Total revenues | <u>\$ 2,986.4</u> | <u>\$ 3,083.8</u> | <u>\$ 2,716.3</u> |

- (1) Total Motion Picture revenues for the years ended March 31, 2024, 2023 and 2022, includes \$128.2 million, \$44.2 million, and \$38.0 million, respectively, of revenues from licensing Motion Picture segment product to the Starz Business.
- (2) Total Television Production revenues for the years ended March 31, 2024, 2023 and 2022, includes \$417.7 million, \$731.3 million, and \$610.2 million, respectively, of revenues from licensing Television Production segment product to the Starz Business.

Remaining Performance Obligations

Remaining performance obligations represent deferred revenue on the balance sheet plus fixed fee or minimum guarantee contracts where the revenue will be recognized and the cash received in the future (i.e., backlog). Revenues expected to be recognized in the future related to performance obligations that are unsatisfied at March 31, 2024 are as follows:

| | Year Ending March 31, | | | Thereafter | Total |
|-----------------------------------|-----------------------|----------------|---------------|----------------|------------------|
| | 2025 | 2026 | 2027 | | |
| | (Amounts in millions) | | | | |
| Remaining Performance Obligations | <u>\$1,180.1</u> | <u>\$486.3</u> | <u>\$48.5</u> | <u>\$ 51.0</u> | <u>\$1,765.9</u> |

The above table does not include estimates of variable consideration for transactions involving sales or usage-based royalties in exchange for licenses of intellectual property. The revenues included in the above table include all fixed fee contracts regardless of duration.

Revenues of \$290.6 million, including variable and fixed fee arrangements, were recognized during the year ended March 31, 2024 from performance obligations satisfied prior to March 31, 2023. These revenues were primarily associated with the distribution of television and theatrical product in electronic sell-through and video-on-demand formats, and to a lesser extent, the distribution of theatrical product in the domestic and international markets related to films initially released in prior periods.

Accounts Receivable, Contract Assets and Deferred Revenue

The timing of revenue recognition, billings and cash collections affects the recognition of accounts receivable, contract assets and deferred revenue (see Note 1). See the combined balance sheets or Note 19 for accounts receivable, contract assets and deferred revenue balances at March 31, 2024 and 2023.

Accounts Receivable. Accounts receivable are presented net of a provision for doubtful accounts. The Company estimates provisions for accounts receivable based on historical experience for the respective risk

categories and current and future expected economic conditions. To assess collectability, the Company analyzes market trends, economic conditions, the aging of receivables and customer specific risks, and records a provision for estimated credit losses expected over the lifetime of the receivables in direct operating expense.

The Company performs ongoing credit evaluations and monitors its credit exposure through active review of customers' financial condition, aging of receivable balances, historical collection trends, and expectations about relevant future events that may significantly affect collectability. The Company generally does not require collateral for its trade accounts receivable.

Changes in the provision for doubtful accounts consisted of the following:

| | March 31, 2023 | (Benefit) provision for doubtful accounts | Other ⁽¹⁾ | Uncollectible accounts written-off ⁽²⁾ | March 31, 2024 |
|---------------------------|-----------------------|---|----------------------|---|-------------------|
| | (Amounts in millions) | | | | |
| Trade accounts receivable | \$ 8.7 | \$ (0.3) | \$ 1.3 | \$ (3.3) | \$ 6.4 |

(1) Represents the provision for doubtful accounts acquired in the acquisition of eOne (see Note 2).

(2) Represents primarily accounts receivable previously reserved for bad debt from customers in Russia, related to Russia's invasion of Ukraine.

Contract Assets. Contract assets relate to the Company's conditional right to consideration for completed performance under the contract (e.g., unbilled receivables). Amounts relate primarily to contractual payment holdbacks in cases in which the Company is required to deliver additional episodes or seasons of television content in order to receive payment, complete certain administrative activities, such as guild filings, or allow the Company's customers' audit rights to expire. See Note 19 for further details of contract assets at March 31, 2024 and 2023.

Deferred Revenue. Deferred revenue relates primarily to customer cash advances or deposits received prior to when the Company satisfies the corresponding performance obligation. At March 31, 2024, the current portion of deferred revenue includes \$65.6 million from the acquisition of eOne (see Note 2). Revenues of \$113.1 million were recognized during the year ended March 31, 2024, related to the balance of deferred revenue at March 31, 2023.

13. Share-Based Compensation

General. In September 2019, and as amended in 2021, Lionsgate shareholders approved the Lions Gate Entertainment Corp. 2019 Performance Incentive Plan (the "2019 Lionsgate Plan") previously adopted by Lionsgate's Board of Directors (the "Lionsgate Board"). Certain Company employees were granted stock options, restricted share units or share appreciation rights under the 2019 Lionsgate Plan.

The following disclosures of unit data are based on grants related directly to Company employees and Lionsgate corporate and shared employees, and exclude unit data related to employees of the Starz Business. The amounts presented are not necessarily indicative of future awards and do not necessarily reflect the results that the Company would have experienced as a standalone company for the periods presented.

Stock options are generally granted at exercise prices equal to or exceeding the market price of shares of existing Lionsgate common stock at the date of grant. Substantially all stock options vest ratably over one to five from the grant date based on continuous service and expire seven to ten years from the date of grant. Restricted stock and restricted share units generally vest ratably over one to three years based on continuous service. Lionsgate satisfies stock option exercises and vesting of restricted stock and restricted share units with newly issued shares.

The measurement of all share-based awards uses a fair value method and the recognition of the related share-based compensation expense in the combined financial statements is recorded over the requisite service period. Further, Lionsgate estimates forfeitures for share-based awards that are not expected to vest. As share-based compensation expense allocated to the Company and recognized in the Company's combined financial statements is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures.

Share-Based Compensation Expense. The Company recognized the following share-based compensation expense during the years ended March 31, 2024, 2023 and 2022:

| | Year Ended March 31, | | |
|---|-----------------------|---------|---------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Compensation Expense: | | | |
| Stock options | \$ 1.7 | \$ 2.3 | \$ 9.6 |
| Restricted share units and other share-based compensation | 37.7 | 39.3 | 38.6 |
| Share appreciation rights | 0.4 | 0.9 | 2.4 |
| Total Studio employee share-based compensation expense | 39.8 | 42.5 | 50.6 |
| Corporate allocation of share-based compensation | 15.0 | 26.7 | 19.6 |
| | 54.8 | 69.2 | 70.2 |
| Impact of accelerated vesting on equity awards ⁽¹⁾ | 7.7 | 4.2 | — |
| Total share-based compensation expense | 62.5 | 73.4 | 70.2 |
| Tax impact ⁽²⁾ | (15.1) | (17.8) | (16.7) |
| Reduction in net income | \$ 47.4 | \$ 55.6 | \$ 53.5 |

- (1) Represents the impact of the acceleration of vesting schedules for equity awards pursuant to certain severance arrangements.
- (2) Represents the income tax benefit recognized in the statements of operations for share-based compensation arrangements prior to the effects of changes in the valuation allowance.

Share-based compensation expense, by expense category, consisted of the following:

| | Year Ended March 31, | | |
|-----------------------------------|-----------------------|--------|--------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Share-Based Compensation Expense: | | | |
| General and administration | \$54.8 | \$69.2 | \$70.2 |
| Restructuring and other | 7.7 | 4.2 | — |
| | \$62.5 | \$73.4 | \$70.2 |

Stock Options

The following table sets forth the stock option, and share appreciation rights (“SARs”) activity on grants related directly to the Company employees and Lionsgate corporate and shared service employees during the year ended March 31, 2024:

| | Stock Options and SARs | | | | | | | |
|--|---|---------------------------------|---|--|-------------------------------|---------------------------------|---|--|
| | Existing Class A Common Stock | | | | Existing Class B Common Stock | | | |
| | Number of Shares | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (years) | Aggregate Intrinsic Value ⁽²⁾ | Number of Shares | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (years) | Aggregate Intrinsic Value ⁽²⁾ |
| | (Amounts in millions, except for weighted-average exercise price and years) | | | | | | | |
| Outstanding at March 31, 2023 | 4.3 | \$ 26.35 | | | 19.0 | \$ 15.50 | | |
| Granted | — | \$ — | | | 0.3 | \$ 8.88 | | |
| Exercised | — ⁽¹⁾ | \$ 7.70 | | | (0.1) | \$ 7.11 | | |
| Forfeited or expired | (1.9) | \$ 30.81 | | | (2.1) | \$ 27.72 | | |
| Outstanding at March 31, 2024 | <u>2.4</u> | <u>\$ 22.96</u> | <u>2.51</u> | <u>\$ 0.1</u> | <u>17.1</u> | <u>\$ 13.92</u> | <u>5.12</u> | <u>\$ 5.9</u> |
| Vested or expected to vest at March 31, 2024 | <u>2.4</u> | <u>\$ 22.96</u> | <u>2.51</u> | <u>\$ 0.1</u> | <u>17.0</u> | <u>\$ 13.94</u> | <u>5.11</u> | <u>\$ 5.9</u> |
| Exercisable at March 31, 2024 | <u>2.4</u> | <u>\$ 22.96</u> | <u>2.51</u> | <u>\$ 0.1</u> | <u>16.4</u> | <u>\$ 14.16</u> | <u>4.96</u> | <u>\$ 5.6</u> |

(1) Represents less than 0.1 million shares.

(2) The intrinsic value is calculated for each in the money stock option and SAR as the difference between the closing price of Lionsgate’s common stock on March 31, 2024 and the exercise price.

The fair value of each option award is estimated on the date of grant using a closed-form option valuation model (Black-Scholes). The following table presents the weighted average grant-date fair value of options granted in the years ended March 31, 2024, 2023 and 2022, and the weighted average applicable assumptions used in the Black-Scholes option-pricing model for stock options and share-appreciation rights granted during the years then ended:

| | Year Ended March 31, | | |
|---|----------------------|---------------|---------------|
| | 2024 | 2023 | 2022 |
| Weighted average fair value of grants | \$4.63 | \$4.56 | \$6.16 |
| Weighted average assumptions: | | | |
| Risk-free interest rate ⁽¹⁾ | 4.3% - 4.5% | 2.8% - 3.7% | 1.1% - 2.45% |
| Expected option lives (in years) ⁽²⁾ | 3.3 - 7 years | 3.5 - 7 years | 3.3 - 7 years |
| Expected volatility for options ⁽³⁾ | 46% - 47% | 44% | 42% - 44% |
| Expected dividend yield ⁽⁴⁾ | 0% | 0% | 0% |

(1) The risk-free rate assumed in valuing the options is based on the U.S. Treasury Yield curve in effect applied against the expected term of the option at the time of the grant.

(2) The expected term of options granted represents the period of time that options granted are expected to be outstanding.

- (3) Expected volatilities are based on implied volatilities from traded options on Lionsgate's shares, historical volatility of Lionsgate's shares and other factors.
- (4) The expected dividend yield is estimated by dividing the expected annual dividend by the market price of Lionsgate's shares at the date of grant.

The total intrinsic value (based on Lionsgate's share price) of options exercised during the year ended March 31, 2024 was \$0.2 million (2023—\$1.1 million, 2022—\$2.1 million).

During the year ended March 31, 2024, less than 0.1 million shares (2023 and 2022— less than 0.1 million shares) were cancelled to fund withholding tax obligations upon exercise of options.

Restricted Share Units

The following table sets forth the restricted share unit and restricted stock activity on grants related directly to Company employees and Lionsgate corporate and shared service employees during the year ended March 31, 2024:

| | Restricted Share Units and Restricted Stock | | | |
|-------------------------------|--|--|-------------------------------|--|
| | Existing Class A Common Stock | Weighted-Average Grant-Date Fair Value | Existing Class B Common Stock | Weighted-Average Grant-Date Fair Value |
| | (Amounts in millions, except for weighted-average grant date fair value) | | | |
| Outstanding at March 31, 2023 | — ⁽¹⁾ | \$ 10.95 | 10.8 | \$ 9.90 |
| Granted | 0.1 | \$ 8.87 | 6.3 | \$ 8.22 |
| Vested | — ⁽¹⁾ | \$ 10.89 | (7.0) | \$ 9.37 |
| Forfeited | — | \$ — | (0.3) | \$ 8.64 |
| Outstanding at March 31, 2024 | <u>0.1</u> | <u>\$ 9.27</u> | <u>9.8</u> | <u>\$ 8.93</u> |

(1) Represents less than 0.1 million shares.

The fair values of restricted share units and restricted stock are determined based on the market value of the shares on the date of grant. The total fair value of restricted share units and restricted stock vested during the year ended March 31, 2024 was \$67.5 million (2023 - \$40.0 million, 2022 - \$51.0 million).

The following table summarizes the total remaining unrecognized compensation cost as of March 31, 2024 related to non-vested stock options and restricted stock and restricted share units and the weighted average remaining years over which the cost will be recognized:

| | Total Unrecognized Compensation Cost | Weighted Average Remaining Years |
|---|--------------------------------------|----------------------------------|
| | (Amounts in millions) | |
| Stock Options | \$ 2.3 | 1.5 |
| Restricted Share Units and Restricted Stock | 40.5 | 1.6 |
| Total ⁽¹⁾ | <u>\$ 42.8</u> | |

(1) Represents remaining unrecognized compensation cost related to the Company's employees and an allocation of compensation costs for Lionsgate corporate and shared service employees.

Under Lionsgate's stock option and long term incentive plans, Lionsgate withholds shares to satisfy minimum statutory federal, state and local tax withholding obligations arising from the vesting of restricted share units and restricted stock. During the year ended March 31, 2024, 3.0 million shares (2023 — 1.5 million shares, 2022—1.8 million shares) were withheld upon the vesting of restricted share units and restricted stock.

Lionsgate, and hence the Company, becomes entitled to an income tax deduction in an amount equal to the taxable income reported by the holders of the stock options and restricted share units when vesting or exercise occurs, the restrictions are released and the shares are issued. Restricted share units are forfeited if the employees are terminated prior to vesting.

The Company recognized excess tax deficiencies of \$7.4 million associated with its equity awards in its tax provision for the year ended March 31, 2024 (2023— benefits of \$8.7 million, 2022 — deficiencies of \$12.7 million).

Other Share-Based Compensation

Pursuant to the terms of certain employment agreements, during the year ended March 31, 2024, Lionsgate granted the equivalent of \$2.3 million (2023 - \$2.3 million, 2022 - \$2.3 million) in shares to certain Company employees through the term of their employment contracts, which were recorded as compensation expense in the applicable period. Pursuant to this arrangement, for the year ended March 31, 2024, Lionsgate issued 0.2 million shares (2023 - 0.3 million shares, 2022-0.1 million shares), net of shares withheld to satisfy minimum tax withholding obligations.

14. Income Taxes

The components of pretax income (loss), net of intercompany eliminations, are as follows:

| | Year Ended March 31, | | |
|---------------|-----------------------|---------------|---------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| United States | \$(143.8) | \$(33.5) | \$20.4 |
| International | 71.1 | 38.9 | (9.2) |
| | <u>\$ (72.7)</u> | <u>\$ 5.4</u> | <u>\$11.2</u> |

The Company's current and deferred income tax provision are as follows:

| | Year Ended March 31, | | |
|----------------------------------|-----------------------|---------------|---------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Current provision: | | | |
| Federal | \$20.4 | \$ 3.2 | \$ 5.7 |
| States | 5.6 | (0.5) | 3.2 |
| International | 12.6 | 10.0 | 7.2 |
| Total current provision | <u>38.6</u> | <u>\$12.7</u> | <u>\$16.1</u> |
| Deferred provision: | | | |
| Federal | (3.4) | 0.4 | 0.9 |
| States | 0.3 | (0.1) | 0.3 |
| International | (1.3) | 1.3 | — |
| Total deferred provision | <u>(4.4)</u> | <u>1.6</u> | <u>1.2</u> |
| Total provision for income taxes | <u>\$34.2</u> | <u>\$14.3</u> | <u>\$17.3</u> |

The Company's income tax provision differs from the federal statutory rate multiplied by pre-tax income (loss) due to the mix of the Company's pre-tax income (loss) generated across the various jurisdictions in which it operates, changes in the valuation allowance against deferred tax assets, and certain minimum taxes and foreign withholding taxes.

The differences between income taxes expected at U.S. statutory income tax rates and the income tax provision are as set forth below:

| | Year Ended March 31, | | |
|---|-----------------------|----------------|----------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Income taxes computed at Federal statutory rate | \$(15.3) | \$ 1.1 | \$ 2.4 |
| Foreign operations subject to different income tax rates | 6.8 | 5.0 | 7.1 |
| State income tax | 5.9 | (0.6) | 3.5 |
| Remeasurements of originating deferred tax assets and liabilities | 4.7 | (4.7) | (9.2) |
| Permanent differences | 0.1 | 2.1 | — |
| Nondeductible share-based compensation | 1.2 | 1.8 | (2.7) |
| Nondeductible officers compensation | 7.7 | 9.8 | 5.1 |
| Non-controlling interest in partnerships | 18.6 | 1.8 | 3.7 |
| Foreign derived intangible income | (2.4) | (1.4) | — |
| Other | 2.7 | 1.7 | 1.5 |
| Changes in valuation allowance | 4.2 | (2.3) | 5.9 |
| Total provision for income taxes | <u>\$ 34.2</u> | <u>\$ 14.3</u> | <u>\$ 17.3</u> |

The income tax effects of temporary differences between the book value and tax basis of assets and liabilities are as follows:

| | March 31, 2024 | March 31, 2023 |
|---|-----------------------|------------------|
| | (Amounts in millions) | |
| Deferred tax assets: | | |
| Net operating losses | \$ 241.9 | \$ 94.1 |
| Foreign tax credits | — | 7.2 |
| Intangible assets | 9.5 | — |
| Accrued compensation | 42.9 | 50.7 |
| Operating leases- liabilities | 83.5 | 24.4 |
| Other assets | 50.7 | 14.5 |
| Reserves | 21.1 | 8.0 |
| Interest | 68.0 | 21.8 |
| Total deferred tax assets | <u>517.6</u> | <u>220.7</u> |
| Valuation allowance | <u>(341.6)</u> | <u>(152.2)</u> |
| Deferred tax assets, net of valuation allowance | 176.0 | 68.5 |
| Deferred tax liabilities: | | |
| Intangible assets | — | (8.0) |
| Investment in film and television programs | (56.9) | (3.6) |
| Unrealized gains on derivative contracts | (32.9) | (33.5) |
| Operating leases - assets | (78.2) | (21.9) |
| Other | (21.7) | (19.6) |
| Total deferred tax liabilities | <u>(189.7)</u> | <u>(86.6)</u> |
| Net deferred tax liabilities | <u>\$ (13.7)</u> | <u>\$ (18.1)</u> |

The Company has recorded valuation allowances for certain deferred tax assets, which are primarily related to U.S. and foreign net operating loss carryforwards and U.S. foreign tax credit carryforwards as sufficient uncertainty exists regarding the future realization of these assets.

As computed on a separate return basis, with the combined historical results of the Studio Business presented on a managed basis as discussed in Note 1, at March 31, 2024, the Company had state net operating loss carryforwards of approximately of approximately \$251.6 million, which would expire in varying amounts beginning in 2025, Canada net operating loss carryforwards of approximately \$359.6 million which expire in varying amounts beginning in 2036, Spain net operating loss carryforwards of approximately \$96.1 million which expire in varying amounts beginning in 2036, and U.K. net operating loss carryforwards of approximately \$95.1 million with no expiration. However, under the managed basis of presentation of the Studio Business, the combined historical results exclude certain deductions and other items and therefore, for purposes of these combined financial statements, these items are not reflected in the calculations of net operating loss carryforwards of the Studio Business.

The following table summarizes the changes to the gross unrecognized tax benefits, exclusive of interest and penalties, for the years ended March 31, 2024, 2023 and 2022:

| | Amounts in millions |
|---|--------------------------------|
| Gross unrecognized tax benefits at March 31, 2021 | \$ 0.6 |
| Increases related to current year tax position | — |
| Increases related to prior year tax positions | 0.4 |
| Decreases related to prior year tax positions | — |
| Settlements | — |
| Lapse in statute of limitations | — |
| Gross unrecognized tax benefits at March 31, 2022 | 1.0 |
| Increases related to current year tax position | — |
| Increases related to prior year tax positions | — |
| Decreases related to prior year tax positions | — |
| Settlements | — |
| Lapse in statute of limitations | (0.7) |
| Gross unrecognized tax benefits at March 31, 2023 | 0.3 |
| Increases related to current year tax position | — |
| Increases related to prior year tax positions | 5.3 |
| Decreases related to prior year tax positions | — |
| Settlements | — |
| Lapse in statute of limitations | (0.3) |
| Gross unrecognized tax benefits at March 31, 2024 | <u>\$ 5.3</u> |

The Company records interest and penalties on unrecognized tax benefits as part of its income tax provision. For the years ended March 31, 2024, 2023 and 2022, the Company recognized insignificant amounts of net interest and penalties related to uncertain tax positions. The total amount of unrecognized tax benefits as of March 31, 2024 that, if recognized, would benefit the Company's tax provision are \$0.4 million. The Company estimates the liability for unrecognized tax benefits may decrease by approximately \$1.5 million in the next twelve months.

The Company is subject to taxation in the U.S. and various state, local, and foreign jurisdictions. To the extent allowed by law, the taxing authorities may have the right to examine prior periods where net operating loss carryforwards were generated and carried forward and make adjustments up to the amount of the net operating loss carryforwards. Currently, audits are occurring in various U.S. federal, state and local tax jurisdictions for tax years ended in 2018 through 2020. Lionsgate is currently under examination by the Canadian tax authority for the years ended March 31, 2018 through March 31, 2019.

15. Restructuring and Other

Restructuring and other includes restructuring and severance costs, certain transaction and other costs, and certain unusual items, when applicable. During the years ended March 31, 2024, 2023 and 2022, the Company also incurred certain other unusual charges or benefits, which are included in direct operating expense and distribution and marketing expense in the combined statements of operations and are described below. The following table sets forth restructuring and other and these other unusual charges or benefits and the statement of operations line items they are included in for the years ended March 31, 2024, 2023 and 2022:

| | Year Ended March 31, | | |
|---|-------------------------|---------------|---------------|
| | 2024 | 2023 | 2022 |
| (Amounts in millions) | | | |
| Restructuring and other: | | | |
| Content and other impairments ⁽¹⁾ | \$ 12.8 | \$ 5.9 | \$ — |
| Severance ⁽²⁾ | | | |
| Cash | 27.5 | 10.8 | 2.8 |
| Accelerated vesting on equity awards (see Note 13) | 7.7 | 4.2 | — |
| Total severance costs | 35.2 | 15.0 | 2.8 |
| COVID-19 related charges included in restructuring and other | — | 0.1 | 1.0 |
| Transaction and other costs ⁽³⁾ | 84.9 | 6.2 | 2.5 |
| Total Restructuring and Other | 132.9 | 27.2 | 6.3 |
| Other unusual charges not included in restructuring and other or the Company's operating segments: | | | |
| Content charges included in direct operating expense ⁽⁴⁾ | 1.5 | 8.1 | — |
| COVID-19 related charges (benefit) included in direct operating expense ⁽⁵⁾ | (0.9) | (8.9) | (5.2) |
| Charges related to Russia's invasion of Ukraine included in direct operating expense ⁽⁶⁾ | — | — | 5.9 |
| Total restructuring and other and other unusual charges not included in restructuring and other | <u>\$133.5</u> | <u>\$26.4</u> | <u>\$ 7.0</u> |

(1) Amounts in the fiscal year ended March 31, 2024 include \$12.8 million of development costs written off in connection with changes in strategy in the Television Production segment as a result of the acquisition of eOne. Amounts in the fiscal year ended March 31, 2023 include an impairment of an operating lease right-of-use asset related to the Studio Business and corporate facilities amounting to \$5.8 million associated with a portion of a facility lease that will no longer be utilized by the Company. The impairment reflects a decline in market conditions since the inception of the lease impacting potential sublease opportunities, and represents the difference between the estimated fair value, which was determined based on the expected discounted future cash flows of the lease asset, and the carrying value.

(2) Severance costs in the fiscal years ended March 31, 2024, 2023 and 2022 were primarily related to restructuring activities and other cost-saving initiatives. In fiscal 2024, amounts were due to restructuring activities including integration of the acquisition of eOne and our Motion Picture and Television Production segment.

(3) Amounts in the fiscal years ended March 31, 2024, 2023 and 2022 reflect transaction, integration and legal costs associated with certain strategic transactions, and restructuring activities and also include costs and benefits associated with legal and other matters. In fiscal 2024, these amounts include \$49.2 million associated with the acquisition of additional interest in 3 Arts Entertainment. Due to the new arrangement representing a modification of terms of the compensation element under the previous arrangement which resulted in the reclassification of the equity award to a liability award, the Company recognized incremental compensation expense of \$49.2 million, representing the excess of the fair value of the modified award over

amounts previously expensed. See Note 11 for further information. In addition, transaction and other costs in fiscal 2024 includes approximately \$16.6 million of a loss associated with a theft at a production of a 51% owned consolidated entity. The Company expects to recover a portion of this amount under its insurance coverage and from the noncontrolling interest holders of this entity. The remaining amounts in fiscal 2024 primarily represent acquisition and integration costs related to the acquisition of eOne, and costs associated with the separation of the Starz Business from the Studio Business.

- (4) Amounts represent certain unusual content charges. In the fiscal year ended March 31, 2023, the amounts represent development costs written off as a result of changes in strategy across the Company's theatrical slate in connection with certain management changes and changes in the theatrical marketplace in the Motion Picture segment. These charges are excluded from segment results and included in amortization of investment in film and television programs in direct operating expense on the combined statement of operations.
- (5) Amounts reflected in direct operating expense include incremental costs associated with the pausing and restarting of productions including paying/hiring certain cast and crew, maintaining idle facilities and equipment costs resulting from circumstances associated with the COVID-19 global pandemic, net of insurance recoveries of \$1.0 million, \$8.4 million and \$15.6 million in fiscal 2024, 2023 and 2022, respectively. In fiscal years ended March 31, 2024, 2023 and 2022, insurance recoveries exceeded the incremental costs expensed in the year, resulting in a net benefit included in direct operating expense. The Company is in the process of seeking additional insurance recovery for some of these costs. The ultimate amount of insurance recovery cannot be estimated at this time.
- (6) Amounts represent charges related to Russia's invasion of Ukraine, primarily related to bad debt reserves for accounts receivable from customers in Russia, included in direct operating expense in the combined statements of operations.

Changes in the restructuring and other severance liability were as follows for the years ended March 31, 2024, 2023 and 2022:

| | Year Ended March 31, | | |
|-------------------------------|-------------------------|---------------|---------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Severance liability | | | |
| Beginning balance | \$ 3.7 | \$ 0.8 | \$ 3.9 |
| Accruals | 27.5 | 10.8 | 2.8 |
| Severance payments | (11.9) | (7.9) | (5.9) |
| Ending balance ⁽¹⁾ | <u>\$ 19.3</u> | <u>\$ 3.7</u> | <u>\$ 0.8</u> |

- (1) As of March 31, 2024, the remaining severance liability of approximately \$19.3 million is expected to be paid in the next 12 months.

16. Segment Information

The Company's reportable segments have been determined based on the distinct nature of their operations, the Company's internal management structure, and the financial information that is evaluated regularly by the Company's chief operating decision maker.

The Company has two reportable business segments: (1) Motion Picture and (2) Television Production.

Motion Picture. Motion Picture consists of the development and production of feature films, acquisition of North American and worldwide distribution rights, North American theatrical, home entertainment and television distribution of feature films produced and acquired, and worldwide licensing of distribution rights to feature films produced and acquired.

Television Production. Television Production consists of the development, production and worldwide distribution of television productions including television series, television movies and mini-series, and non-fiction programming. Television Production includes the licensing of Starz original series productions to the Starz Business, and the ancillary market distribution of Starz original productions and licensed product. Additionally, the Television Production segment includes the results of operations of 3 Arts Entertainment.

Segment information is presented in the table below. The Motion Picture and Television Production segments include the results of operations of eOne from the acquisition date of December 27, 2023 (see Note 2).

| | Year Ended March 31, | | |
|---|-------------------------|-------------------|-------------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Segment revenues | | | |
| Motion Picture | \$ 1,656.3 | \$ 1,323.7 | \$ 1,185.3 |
| Television Production | 1,330.1 | 1,760.1 | 1,531.0 |
| Total revenue | <u>\$ 2,986.4</u> | <u>\$ 3,083.8</u> | <u>\$ 2,716.3</u> |
| Gross contribution | | | |
| Motion Picture | \$ 433.3 | \$ 386.3 | \$ 356.0 |
| Television Production | 204.7 | 185.3 | 124.1 |
| Total gross contribution | 638.0 | 571.6 | 480.1 |
| Segment general and administration | | | |
| Motion Picture | 113.9 | 109.8 | 93.1 |
| Television Production | 57.9 | 51.9 | 40.2 |
| Total segment general and administration | 171.8 | 161.7 | 133.3 |
| Segment profit | | | |
| Motion Picture | 319.4 | 276.5 | 262.9 |
| Television Production | 146.8 | 133.4 | 83.9 |
| Total segment profit | <u>\$ 466.2</u> | <u>\$ 409.9</u> | <u>\$ 346.8</u> |

The Company's primary measure of segment performance is segment profit. Segment profit is defined as gross contribution (revenues, less direct operating and distribution and marketing expense) less segment general and administration expenses. Segment profit excludes, when applicable, corporate and allocated general and administrative expense, restructuring and other costs, share-based compensation, certain charges related to the COVID-19 global pandemic, charges related to Russia's invasion of Ukraine, and purchase accounting and related adjustments. The Company believes the presentation of segment profit is relevant and useful for investors because it allows investors to view segment performance in a manner similar to the primary method used by the Company's management and enables them to understand the fundamental performance of the Company's businesses.

The reconciliation of total segment profit to the Company's income (loss) before income taxes is as follows:

| | Year Ended March 31, | | |
|---|-------------------------|---------------|----------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Company's total segment profit | \$ 466.2 | \$ 409.9 | \$ 346.8 |
| Corporate general and administrative expenses ⁽¹⁾ | (110.6) | (100.9) | (80.0) |
| Adjusted depreciation and amortization ⁽²⁾ | (10.5) | (12.2) | (12.4) |
| Restructuring and other | (132.9) | (27.2) | (6.3) |
| COVID-19 related benefit (charges) included in direct operating expense and distribution and marketing expense ⁽³⁾ | 0.9 | 8.9 | 5.2 |
| Content charges ⁽⁴⁾ | (1.5) | (8.1) | — |
| Charges related to Russia's invasion of Ukraine ⁽⁵⁾ | — | — | (5.9) |
| Adjusted share-based compensation expense ⁽⁶⁾ | (54.8) | (69.2) | (70.2) |
| Purchase accounting and related adjustments ⁽⁷⁾ | (17.1) | (61.6) | (65.3) |
| Operating income | 139.7 | 139.6 | 111.9 |
| Interest expense | (222.5) | (162.6) | (115.0) |
| Interest and other income | 19.2 | 6.4 | 28.0 |
| Other expense | (20.0) | (21.2) | (8.6) |
| Loss on extinguishment of debt | (1.3) | (1.3) | (3.4) |
| Gain on investments, net | 3.5 | 44.0 | 1.3 |
| Equity interests income (loss) | 8.7 | 0.5 | (3.0) |
| Income (loss) before income taxes | <u>\$ (72.7)</u> | <u>\$ 5.4</u> | <u>\$ 11.2</u> |

- (1) Corporate general and administrative expenses reflect the allocations of certain general and administrative expenses from Lionsgate related to certain corporate and shared service functions historically provided by Lionsgate, including, but not limited to, executive oversight, accounting, tax, legal, human resources, occupancy, and other shared services (see Note 1 and Note 20). Amount excludes allocation of share-based compensation expense discussed below. The costs included in corporate general and administrative expenses represent certain corporate executive expense (such as salaries and wages for the office of the Chief Executive Officer, Chief Financial Officer, General Counsel and other corporate officers), investor relations costs, costs of maintaining corporate facilities, and other unallocated common administrative support functions, including corporate accounting, finance and financial reporting, internal and external audit and tax costs, corporate and other legal support functions, and certain information technology and human resources expense.
- (2) Adjusted depreciation and amortization represents depreciation and amortization as presented on the combined statements of operations less the depreciation and amortization related to the non-cash fair value adjustments to property and equipment and intangible assets acquired in acquisitions which are included in the purchase accounting and related adjustments line item above, as shown in the table below:

| | Year Ended March 31, | | |
|--|-------------------------|----------------|----------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Depreciation and amortization | \$ 15.6 | \$ 17.9 | \$ 18.1 |
| Less: Amount included in purchase accounting and related adjustments | (5.1) | (5.7) | (5.7) |
| Adjusted depreciation and amortization | <u>\$ 10.5</u> | <u>\$ 12.2</u> | <u>\$ 12.4</u> |

- (3) Amounts represent the incremental costs, if any, included in direct operating expense and distribution and marketing expense resulting from circumstances associated with the COVID-19 global pandemic, net of

insurance recoveries. During the fiscal years ended March 31, 2024, 2023 and 2022, the Company has incurred a net benefit in direct operating expense due to insurance recoveries in excess of the incremental costs expensed in the period (see Note 15). These benefits (charges) are excluded from segment operating results.

- (4) Content charges represent certain charges included in direct operating expense in the combined statements of operations, and excluded from segment operating results (see Note 15).
- (5) Amounts represent charges related to Russia's invasion of Ukraine, primarily related to bad debt reserves for accounts receivable from customers in Russia, included in direct operating expense in the combined statements of operations, and excluded from segment operating results.
- (6) The following table reconciles total share-based compensation expense to adjusted share-based compensation expense:

| | Year Ended March 31, | | |
|--|-------------------------|---------------|---------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Total share-based compensation expense ⁽ⁱ⁾ | \$62.5 | \$73.4 | \$70.2 |
| Less: | | | |
| Amount included in restructuring and other ⁽ⁱⁱ⁾ | (7.7) | (4.2) | — |
| Adjusted share-based compensation | <u>\$54.8</u> | <u>\$69.2</u> | <u>\$70.2</u> |

- (i) Total share-based compensation expense in the years ended March 31, 2024, 2023 and 2022 includes \$15.0 million, \$26.7 million and \$19.6 million, respectively, of corporate allocation of share-based compensation expense, representing the allocation of Lionsgate's corporate employee share-based compensation expense.
- (ii) Represents share-based compensation expense included in restructuring and other expenses reflecting the impact of the acceleration of vesting schedules for equity awards pursuant to certain severance arrangements.
- (7) Purchase accounting and related adjustments primarily represent the amortization of non-cash fair value adjustments to certain assets acquired in acquisitions. The following sets forth the amounts included in each line item in the financial statements:

| | Year Ended March 31, | | |
|---|-------------------------|---------------|---------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Purchase accounting and related adjustments: | | | |
| Direct operating | \$ — | \$ 0.7 | \$ 0.4 |
| General and administrative expense ⁽ⁱ⁾ | 12.0 | 55.2 | 59.2 |
| Depreciation and amortization | 5.1 | 5.7 | 5.7 |
| | <u>\$17.1</u> | <u>\$61.6</u> | <u>\$65.3</u> |

(i) These adjustments include the expense associated with the noncontrolling equity interests in the distributable earnings related to 3 Arts Entertainment, and the non-cash charges for the accretion of the noncontrolling interest discount related to Pilgrim Media Group (through June 2021) and 3 Arts Entertainment (through November 2022), and the amortization of the recoupable portion of the purchase price (through May 2023) related to 3 Arts Entertainment, all of which are accounted for as compensation and are included in general and administrative expense, as presented in the table below. The noncontrolling equity interests in the distributable earnings of 3 Arts Entertainment are reflected as an expense rather than noncontrolling interest in the combined statements of operations due to the relationship to continued employment.

| | Year Ended March 31, | | |
|--|-------------------------|---------------|---------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Amortization of recoupable portion of the purchase price | \$ 1.3 | \$ 7.7 | \$ 7.7 |
| Noncontrolling interest discount amortization | — | 13.2 | 22.7 |
| Noncontrolling equity interest in distributable earnings | 10.7 | 34.3 | 28.8 |
| | <u>\$12.0</u> | <u>\$55.2</u> | <u>\$59.2</u> |

See Note 12 for revenues by media or product line as broken down by segment for the fiscal years ended March 31, 2024, 2023, and 2022.

The following table reconciles segment general and administration to the Company's total combined general and administration expense:

| | Year Ended March 31, | | |
|--|-------------------------|----------------|----------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| General and administration | | | |
| Segment general and administrative expenses | \$171.8 | \$161.7 | \$133.3 |
| Corporate general and administrative expenses | 110.6 | 100.9 | 80.0 |
| Share-based compensation expense included in general and administrative expense ⁽¹⁾ | 54.8 | 69.2 | 70.2 |
| Purchase accounting and related adjustments | 12.0 | 55.2 | 59.2 |
| | <u>\$349.2</u> | <u>\$387.0</u> | <u>\$342.7</u> |

- (1) Includes share-based compensation expense related to the allocation of Lionsgate corporate and shared employee share-based compensation expenses of \$15.0 million in fiscal year 2024 (2023- \$26.7 million, 2022 - \$19.6 million).

The reconciliation of total segment assets to the Company's total combined assets is as follows:

| | March 31, | March 31, |
|---|-----------------------|------------------|
| | 2024 | 2023 |
| | (Amounts in millions) | |
| Assets | | |
| Motion Picture | \$1,851.4 | \$1,759.4 |
| Television Production | 2,347.8 | 1,949.1 |
| Other unallocated assets ⁽¹⁾ | 903.8 | 704.2 |
| | <u>\$5,103.0</u> | <u>\$4,412.7</u> |

- (1) Other unallocated assets primarily consist of cash, other assets and investments.

The following table sets forth acquisition of investment in films and television programs, as broken down by segment for the years ended March 31, 2024, 2023 and 2022:

| | Year Ended March 31, | | |
|---|-------------------------|-------------------|-------------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Acquisition of investment in films and television programs | | | |
| Motion Picture | \$ 418.1 | \$ 484.5 | \$ 463.1 |
| Television Production | 702.4 | 1,083.9 | 1,287.0 |
| | <u>\$ 1,120.5</u> | <u>\$ 1,568.4</u> | <u>\$ 1,750.1</u> |

The following table sets forth capital expenditures, as broken down by segment for the years ended March 31, 2024, 2023 and 2022:

| | Year Ended March 31, | | |
|-----------------------------|-------------------------|---------------|---------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Capital expenditures | | | |
| Motion Picture | \$— | \$— | \$— |
| Television Production | 0.3 | 0.3 | 0.4 |
| Corporate ⁽¹⁾ | 9.6 | 6.2 | 5.7 |
| | <u>\$ 9.9</u> | <u>\$ 6.5</u> | <u>\$ 6.1</u> |

(1) Represents unallocated capital expenditures primarily related to the Company's corporate headquarters.

Revenue by geographic location, based on the location of the customers, with no other foreign country individually comprising greater than 10% of total revenue, is as follows:

| | Year Ended March 31, | | |
|----------------|-------------------------|-------------------|-------------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Revenue | | | |
| Canada | \$ 70.4 | \$ 64.0 | \$ 56.7 |
| United States | 2,262.3 | 2,348.8 | 2,084.0 |
| Other foreign | 653.7 | 671.0 | 575.6 |
| | <u>\$ 2,986.4</u> | <u>\$ 3,083.8</u> | <u>\$ 2,716.3</u> |

Long-lived assets by geographic location are as follows:

| | March 31, 2024 | March 31, 2023 |
|--|-------------------|-----------------------|
| | | (Amounts in millions) |
| Long-lived assets⁽¹⁾ | | |
| United States | \$ 2,047.6 | \$ 1,736.5 |
| Other foreign | 263.0 | 190.8 |
| | <u>\$ 2,310.6</u> | <u>\$ 1,927.3</u> |

(1) Long-lived assets represents total assets less the following: current assets, investments, long-term receivables, interest rate swaps, intangible assets, goodwill and deferred tax assets.

For the years ended March 31, 2024, 2023 and 2022, the Company had revenue from the Starz Business of \$545.9 million, \$775.5 million and \$648.2 million, respectively, which represented greater than 10% of combined revenues, primarily related to the Company's Television Production segment (see Note 20). For the year ended March 31, 2024, the Company had revenue from one individual external customer which represented greater than 10% of combined revenues, amounting to \$411.1 million, related to the Company's Motion Picture and Television Production segments. For the year ended March 31, 2023, the Company had revenue from one individual external customer which represented greater than 10% of combined revenues, amounting to \$337.1 million, related to the Company's Motion Picture and Television Production segments.

As of March 31, 2024, the Company had accounts receivable due from two customers which individually represented greater than 10% of combined accounts receivable. Accounts receivable due from these two customers amounted to 12.5% and 10.8% of total combined accounts receivable (current and non-current) at March 31, 2024, respectively, or gross accounts receivable of approximately \$100.9 million and \$86.8 million, respectively. As of March 31, 2023, the Company had accounts receivable due from one customer which individually represented greater than 10% of combined accounts receivable and amounted to 10.5% of total combined accounts receivable (current and non-current) at March 31, 2023, or gross accounts receivable of approximately \$60.0 million. In addition, the Company had amounts due from the Starz Business of \$33.4 million and \$157.6 million at March 31, 2024 and 2023, respectively, which are separately presented in the "Due from Starz Business" line item of the combined balance sheets (see Note 20).

17. Commitments and Contingencies

Commitments

The following table sets forth the Company's future annual repayment of contractual commitments as of March 31, 2024:

| | Year Ending March 31, | | | | | | Total |
|--|-----------------------|----------------|---------------|---------------|---------------|-----------------|----------------|
| | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter | |
| (Amounts in millions) | | | | | | | |
| Contractual commitments by expected repayment date (off-balance sheet arrangements) | | | | | | | |
| Film related obligations commitments ⁽¹⁾ | \$221.4 | \$ 45.6 | \$11.8 | \$ 4.5 | \$ — | \$ — | \$283.3 |
| Interest payments ⁽²⁾ | 126.3 | 39.5 | 9.9 | 3.1 | — | — | 178.8 |
| Other contractual obligations | 98.5 | 57.3 | 47.7 | 35.7 | 32.4 | 178.3 | 449.9 |
| Total future commitments under contractual obligations⁽³⁾ | \$446.2 | \$142.4 | \$69.4 | \$43.3 | \$32.4 | \$ 178.3 | \$912.0 |

(1) Film related obligations commitments are not reflected on the combined balance sheets as they did not then meet the criteria for recognition and include the following items:

- (i) Distribution and marketing commitments represent contractual commitments for future expenditures associated with distribution and marketing of films which the Company will distribute. The payment dates of these amounts are primarily based on the anticipated release date of the film.
- (ii) Minimum guarantee commitments represent contractual commitments related to the purchase of film rights for pictures to be delivered in the future.
- (iii) Production loan commitments represent amounts committed for future film production and development to be funded through production financing and recorded as a production loan liability when incurred. Future payments under these commitments are based on anticipated delivery or release dates of the related film or contractual due dates of the commitment. The amounts include estimated future interest payments associated with the commitment.

- (2) Includes cash interest payments on the Company's Senior Credit Facilities and film related obligations, based on the applicable SOFR interest rates at March 31, 2024, net of payments and receipts from the Company's interest rate swaps, and excluding the interest payments on the revolving credit facility as future amounts are not fixed or determinable due to fluctuating balances and interest rates.
- (3) Not included in the amounts above are \$123.3 million of redeemable noncontrolling interest, as future amounts and timing are subject to a number of uncertainties such that the Company is unable to make sufficiently reliable estimations of future payments (see Note 11).

Multiemployer Benefit Plans. The Company contributes to various multiemployer pension plans under the terms of collective bargaining agreements that cover its union-represented employees. The Company makes periodic contributions to these plans in accordance with the terms of applicable collective bargaining agreements and laws but does not sponsor or administer these plans. The risks of participating in these multiemployer pension plans are different from single-employer pension plans such that (i) contributions made by the Company to the multiemployer pension plans may be used to provide benefits to employees of other participating employers; (ii) if the Company chooses to stop participating in certain of these multiemployer pension plans, it may be required to pay those plans an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability; and (iii) actions taken by a participating employer that lead to a deterioration of the financial health of a multiemployer pension plan may result in the unfunded obligations of the multiemployer pension plan to be borne by its remaining participating employers.

The Company does not participate in any multiemployer benefit plans that are considered to be individually significant to the Company, and as of March 31, 2024, all except two of the largest plans in which the Company participates were funded at a level of 80% or greater. The other two plans, the Motion Picture Industry Pension Plan and the Screen Actors Guild - Producers Pension Plan were funded at 71.20% and 79.06%, respectively, for the 2023 plan year, but neither of these plans were considered to be in endangered, critical, or critical and declining status in the 2023 plan year. Total contributions made by the Company to multiemployer pension and other benefit plans for the years ended March 31, 2024, 2023 and 2022 were \$58.0 million, \$87.0 million and \$90.4 million, respectively.

Contingencies

From time to time, the Company is involved in certain claims and legal proceedings arising in the normal course of business.

The Company establishes an accrued liability for claims and legal proceedings when the Company determines that a loss is both probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters.

As of March 31, 2024, the Company is not a party to any material pending claims or legal proceeding and is not aware of any other claims that it believes could, individually or in the aggregate, have a material adverse effect on the Company's financial position, results of operations or cash flows.

Insurance Litigation

During the fiscal year ended March 31, 2022, the Company settled with all of the insurers in its previous lawsuits related to insurance reimbursements associated with the previous Starz shareholder litigation settlement, which resulted in a net settlement amount received by the Company of \$22.7 million in the fiscal year ended March 31, 2022, which is included in the "interest and other income" line item on the combined statement of operations.

18. Financial Instruments

(a) Credit Risk

Concentration of credit risk with the Company's customers is limited due to the Company's customer base and the diversity of its sales throughout the world. The Company performs ongoing credit evaluations and maintains a provision for potential credit losses. The Company generally does not require collateral for its trade accounts receivable.

(b) Derivative Instruments and Hedging Activities

Forward Foreign Exchange Contracts

The Company enters into forward foreign exchange contracts to hedge its foreign currency exposures on future production expenses and tax credit receivables denominated in various foreign currencies (i.e., cash flow hedges). The Company also enters into forward foreign exchange contracts that economically hedge certain of its foreign currency risks, even though hedge accounting does not apply or the Company elects not to apply hedge accounting. The Company monitors its positions with, and the credit quality of, the financial institutions that are party to its financial transactions. Changes in the fair value of the foreign exchange contracts that are designated as hedges are reflected in accumulated other comprehensive income (loss), and changes in the fair value of foreign exchange contracts that are not designated as hedges and do not qualify for hedge accounting are recorded in direct operating expense. Gains and losses realized upon settlement of the foreign exchange contracts that are designated as hedges are amortized to direct operating expense on the same basis as the production expenses being hedged.

As of March 31, 2024, the Company had the following outstanding forward foreign exchange contracts (all outstanding contracts have maturities of less than 25 months from March 31, 2024):

| March 31, 2024 | | | | |
|------------------------|--|-----------------|---|--|
| Foreign Currency | Foreign Currency Amount (Amounts in millions) | | US Dollar Amount (Amounts in millions) | Weighted Average Exchange Rate Per \$1 USD |
| British Pound Sterling | 0.5 GBP | in exchange for | \$ 0.6 | 0.79 GBP |
| Czech Koruna | 180.0 CZK | in exchange for | \$ 7.7 | 23.29 CZK |
| Euro | 0.6 EUR | in exchange for | \$ 0.5 | 0.91 EUR |
| Canadian Dollar | 21.4 CAD | in exchange for | \$ 15.9 | 1.34 CAD |
| Mexican Peso | 56.7 MXN | in exchange for | \$ 3.0 | 18.95 PLN |
| Hungarian Forint | 1,450.0 HUF | in exchange for | \$ 4.0 | 360.17 HUF |
| New Zealand Dollar | 73.9 NZD | in exchange for | \$ 45.3 | 1.64 NZD |

Interest Rate Swaps

The Company is exposed to the impact of interest rate changes, primarily through its borrowing activities. The Company's objective is to mitigate the impact of interest rate changes on earnings and cash flows. The Company primarily uses pay-fixed interest rate swaps to facilitate its interest rate risk management activities, which the Company generally designates as cash flow hedges of interest payments on floating-rate borrowings. Pay-fixed swaps effectively convert floating-rate borrowings to fixed-rate borrowings. The unrealized gains or losses from these designated cash flow hedges are deferred in accumulated other comprehensive income (loss) and recognized in interest expense as the interest payments occur. Changes in the fair value of interest rate swaps that are not designated as hedges are recorded in interest expense (see further explanation below).

Cash settlements related to interest rate contracts are generally classified as operating activities on the combined statements of cash flows. However, due to a financing component (debt host) on a portion of the Company's previously outstanding interest rate swaps, the cash flows related to these contracts were classified as financing activities through the date of termination.

Designated Cash Flow Hedges. As of March 31, 2024 and March 31, 2023, the Company had the following pay-fixed interest rate swaps, which have been designated as cash flow hedges outstanding (all related to the Company’s SOFR-based debt, see Note 7 and Note 8).

| <u>Effective Date</u> | <u>Notional Amount</u> (in millions) | <u>Fixed Rate Paid</u> | <u>Maturity Date</u> |
|-----------------------|---|------------------------|-------------------------------|
| May 23, 2018 | \$ 300.0 | 2.915% | March 24, 2025 |
| May 23, 2018 | \$ 700.0 | 2.915% | March 24, 2025 ⁽¹⁾ |
| June 25, 2018 | \$ 200.0 | 2.723% | March 23, 2025 ⁽¹⁾ |
| July 31, 2018 | \$ 300.0 | 2.885% | March 23, 2025 ⁽¹⁾ |
| December 24, 2018 | \$ 50.0 | 2.744% | March 23, 2025 ⁽¹⁾ |
| December 24, 2018 | \$ 100.0 | 2.808% | March 23, 2025 ⁽¹⁾ |
| December 24, 2018 | \$ 50.0 | 2.728% | March 23, 2025 ⁽¹⁾ |
| Total | <u>\$ 1,700.0</u> | | |

(1) Represents the re-designated swaps as described in the May 2022 Transactions section below that were previously not designated cash flow hedges at March 31, 2022

May 2022 Transactions: In May 2022, the Company terminated certain of its previous interest rate swap contracts (the “Terminated Swaps”). As a result of the terminations, the Company received approximately \$56.4 million. Simultaneously with the termination of the Terminated Swaps, the Company re-designated all other swaps previously not designated as cash flow hedges of variable rate debt.

The receipt of approximately \$56.4 million as a result of the termination was recorded as a reduction of the asset values of the derivatives amounting to \$188.7 million and a reduction of the financing component (debt host) of the Terminated Swaps amounting to \$131.3 million. At the time of the termination of the Terminated Swaps, there was approximately \$180.4 million of unrealized gains recorded in accumulated other comprehensive income (loss) related to these Terminated Swaps. This amount will be amortized as a reduction of interest expense through the remaining term of the swaps unless it becomes probable that the cash flows originally hedged will not occur, in which case the proportionate amount of the gain will be recorded as a reduction to interest expense at that time. In addition, the liability amount of \$6.8 million for the Re-designated Swaps at the re-designation date will be amortized as a reduction of interest expense throughout the remaining term of the Re-designated Swaps, unless it becomes probable that the cash flows originally hedged will not occur, in which case the proportionate amount of the loss will be recorded to interest expense at that time.

The receipt of approximately \$56.4 million was classified in the combined statement of cash flows as cash provided by operating activities of \$188.7 million reflecting the amount received for the derivative portion of the termination of swaps, and a use of cash in financing activities of \$134.5 million reflecting the pay down of the financing component of the Terminated Swaps (inclusive of payments made between April 1, 2022 and the termination date amounting to \$3.2 million).

Financial Statement Effect of Derivatives

Combined statement of operations and comprehensive income (loss): The following table presents the pre-tax effect of the Company's derivatives on the accompanying combined statements of operations and comprehensive income (loss) for the years ended March 31, 2024, 2023 and 2022:

| | Year Ended March 31, | | |
|--|-------------------------|-------------------|-------------------|
| | 2024 | 2023 | 2022 |
| (Amounts in millions) | | | |
| <u>Derivatives designated as cash flow hedges:</u> | | | |
| Forward exchange contracts | | | |
| Gain (loss) recognized in accumulated other comprehensive income (loss) | \$ (5.8) | \$ 1.7 | \$ 1.7 |
| Loss reclassified from accumulated other comprehensive income (loss) into direct operating expense | (0.3) | (0.3) | (0.2) |
| Interest rate swaps | | | |
| Gain recognized in accumulated other comprehensive income (loss) | \$ 36.3 | \$ 81.1 | \$ 66.5 |
| Gain (loss) reclassified from accumulated other comprehensive income (loss) into interest expense | 41.8 | 1.4 | (15.0) |
| <u>Derivatives not designated as cash flow hedges:</u> | | | |
| Interest rate swaps | | | |
| Loss reclassified from accumulated other comprehensive income (loss) into interest expense | \$ (7.2) | \$ (11.8) | \$ (33.8) |
| Total direct operating expense on combined statements of operations | \$ 1,886.7 | \$ 2,207.9 | \$ 1,922.1 |
| Total interest expense on combined statements of operations | \$ 222.5 | \$ 162.6 | \$ 115.0 |

Combined balance sheets: The Company classifies its forward foreign exchange contracts and interest rate swap agreements within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments (see Note 10). Pursuant to the Company's accounting policy to offset the fair value amounts recognized for derivative instruments, the Company presents the asset or liability position of the swaps that are with the same counterparty under a master netting arrangement net as either an asset or liability in its combined balance sheets. As of March 31, 2024 and 2023, there were no swaps outstanding that were subject to a master netting arrangement.

As of March 31, 2024 and 2023, the Company had the following amounts recorded in the accompanying combined balance sheets related to the Company's use of derivatives:

| | March 31, 2024 | | |
|---|-------------------------|------------------------------|------------------------------|
| | Other Current Assets | Other Non- Current Assets | Other Accrued Liabilities |
| (Amounts in millions) | | | |
| <u>Derivatives designated as cash flow hedges:</u> | | | |
| Forward exchange contracts | \$ — | \$ — | \$ 2.8 |
| Interest rate swaps | 35.6 | — | — |
| Fair value of derivatives | <u>\$ 35.6</u> | <u>\$ —</u> | <u>\$ 2.8</u> |

| | Other Current Assets | March 31, 2023 | |
|--|-------------------------|------------------------------|------------------------------|
| | | Other Non- Current Assets | Other Accrued Liabilities |
| (Amounts in millions) | | | |
| Derivatives designated as cash flow hedges: | | | |
| Forward exchange contracts | \$ 2.9 | \$ — | \$ 0.1 |
| Interest rate swaps | — | 41.1 | — |
| Fair value of derivatives | <u>\$ 2.9</u> | <u>\$ 41.1</u> | <u>\$ 0.1</u> |

As of March 31, 2024, based on the current release schedule, the Company estimates approximately \$1.5 million of losses associated with forward foreign exchange contract cash flow hedges in accumulated other comprehensive income (loss) will be reclassified into earnings during the one-year period ending March 31, 2025.

As of March 31, 2024, the Company estimates approximately \$30.4 million of gains recorded in accumulated other comprehensive income (loss) associated with interest rate swap agreement cash flow hedges will be reclassified into interest expense during the one-year period ending March 31, 2025.

19. Additional Financial Information

The following tables present supplemental information related to the combined financial statements.

Cash, Cash Equivalents and Restricted Cash

Cash equivalents consist of investments that are readily convertible into cash. Cash equivalents are carried at cost, which approximates fair value. The Company classifies its cash equivalents within Level 1 of the fair value hierarchy because the Company uses quoted market prices to measure the fair value of these investments (see Note 10). The Company monitors concentrations of credit risk with respect to cash and cash equivalents by placing such balances with higher quality financial institutions or investing such amounts in liquid, short-term, highly-rated instruments or investment funds holding similar instruments. As of March 31, 2024, the Company's cash and cash equivalents were held in bank depository accounts.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the combined balance sheets to the total amounts reported in the combined statements of cash flows at March 31, 2024 and 2023. At March 31, 2024 and 2023, restricted cash represents primarily amounts related to required cash reserves for interest payments associated with the Production Tax Credit Facility, IP Credit Facility and Backlog Facility.

| | March 31, 2024 | March 31, 2023 |
|--|-------------------|-------------------|
| (Amounts in millions) | | |
| Cash and cash equivalents | \$ 277.0 | \$ 210.9 |
| Restricted cash included in other current assets | 43.7 | 27.5 |
| Restricted cash included in other non-current assets | 13.7 | 13.0 |
| Total cash, cash equivalents and restricted cash | <u>\$ 334.4</u> | <u>\$ 251.4</u> |

Accounts Receivable Monetization

Under the Company's accounts receivable monetization programs, the Company has entered into (1) individual agreements to monetize certain of its trade accounts receivable directly with third-party purchasers and (2) a revolving agreement to monetize designated pools of trade accounts receivable with various financial institutions, as further described below. Under these programs, the Company transfers receivables to purchasers in exchange for cash proceeds, and the Company continues to service the receivables for the purchasers. The Company accounts for the transfers of these receivables as a sale, removes (derecognizes) the carrying amount of the receivables from its balance sheets and classifies the proceeds received as cash flows from operating activities in the statements of cash flows. The Company records a loss on the sale of these receivables reflecting the net proceeds received (net of any obligations incurred), less the carrying amount of the receivables transferred. The loss is reflected in the "other expense" line item on the combined statements of operations. The Company receives fees for servicing the accounts receivable for the purchasers, which represent the fair value of the services and were immaterial for the years ended March 31, 2024, 2023 and 2022.

Individual Monetization Agreements. The Company enters into individual agreements to monetize trade accounts receivable. The third-party purchasers have no recourse to other assets of the Company in the event of non-payment by the customers. The following table sets forth a summary of the receivables transferred under individual agreements or purchases during the years ended March 31, 2024, 2023 and 2022:

| | Year Ended March 31, | | |
|--|-------------------------|----------|----------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Carrying value of receivables transferred and derecognized | \$ 512.3 | \$ 400.5 | \$ 285.0 |
| Net cash proceeds received | 491.9 | 383.0 | 278.3 |
| Loss recorded related to transfers of receivables | 20.4 | 17.5 | 6.7 |

At March 31, 2024, the outstanding amount of receivables derecognized from the Company's combined balance sheets, but which the Company continues to service, related to the Company's individual agreements to monetize trade accounts receivable was \$449.2 million (March 31, 2023 - \$350.9 million).

Pooled Monetization Agreement. In December 2019, the Company entered into a revolving agreement, as amended in July 2023, to transfer up to \$100.0 million of certain receivables to various financial institutions on a recurring basis in exchange for cash equal to the gross receivables transferred, which matured on October 1, 2023. As customers paid their balances, the Company would transfer additional receivables into the program. The transferred receivables were fully guaranteed by a bankruptcy-remote wholly-owned subsidiary of the Company. The third-party purchasers had no recourse to other assets of the Company in the event of non-payment by the customers.

The following table sets forth a summary of the receivables transferred under the pooled monetization agreement during the years ended March 31, 2024, 2023 and 2022:

| | Year Ended March 31, | | |
|---|-------------------------|---------|----------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Gross cash proceeds received for receivables transferred and derecognized | \$ 22.2 | \$167.0 | \$ 155.5 |
| Less amounts from collections reinvested under revolving agreement | (9.1) | (94.3) | (102.7) |
| Proceeds from new transfers | 13.1 | 72.7 | 52.8 |
| Collections not reinvested and remitted or to be remitted | (13.4) | (66.6) | (46.8) |
| Net cash proceeds received (paid or to be paid) ⁽¹⁾ | \$ (0.3) | \$ 6.1 | \$ 6.0 |

| | Year Ended March 31, | | |
|---|-------------------------|---------|---------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Carrying value of receivables transferred and derecognized ⁽²⁾ | \$22.1 | \$164.8 | \$154.5 |
| Obligations recorded | \$ 2.1 | \$ 5.9 | \$ 2.9 |
| Loss recorded related to transfers of receivables | \$ 2.0 | \$ 3.7 | \$ 1.9 |

- (1) During the year ended March 31, 2024, the Company voluntarily repurchased \$46.0 million of receivables previously transferred. In addition, during the years ended March 31, 2023 and 2022, the Company repurchased \$27.4 million and \$25.5 million, respectively, of receivables previously transferred, as separately agreed upon with the third-party purchasers, in order to monetize such receivables under the individual monetization program discussed above without being subject to the collateral requirements under the pooled monetization program.
- (2) Receivables net of unamortized discounts on long-term, non-interest bearing receivables.

At March 31, 2024, there were no outstanding receivables derecognized from the Company's combined balance sheet, for which the Company continues to service, related to the pooled monetization agreement (March 31, 2023 - \$52.3 million).

Other Assets

The composition of the Company's other assets is as follows as of March 31, 2024 and March 31, 2023:

| | March 31, 2024 | March 31, 2023 |
|---|-----------------------|-------------------|
| | (Amounts in millions) | |
| Other current assets | | |
| Prepaid expenses and other ⁽¹⁾ | \$ 34.8 | \$ 36.0 |
| Restricted cash | 43.7 | 27.5 |
| Contract assets ⁽²⁾ | 59.9 | 63.5 |
| Interest rate swap assets | 35.6 | — |
| Tax credits receivable | 199.1 | 129.5 |
| | <u>\$ 373.1</u> | <u>\$ 256.5</u> |
| Other non-current assets | | |
| Prepaid expenses and other | \$ 18.3 | \$ 7.4 |
| Restricted cash | 13.7 | 13.0 |
| Accounts receivable ⁽³⁾ | 111.7 | 37.8 |
| Contract assets ⁽³⁾ | 3.2 | 5.1 |
| Tax credits receivable | 361.7 | 341.8 |
| Operating lease right-of-use assets | 344.3 | 116.8 |
| Interest rate swap assets | — | 41.1 |
| | <u>\$ 852.9</u> | <u>\$ 563.0</u> |

- (1) Includes home entertainment product inventory which consists of Packaged Media and is stated at the lower of cost or market value (first-in, first-out method). Costs of Packaged Media sales, including shipping and handling costs, are included in distribution and marketing expenses.
- (2) At March 31, 2024, the current portion of contract assets includes \$14.9 million from the acquisition of eOne (see Note 2).
- (3) Unamortized discounts on long-term, non-interest bearing receivables were \$6.2 million and \$3.5 million at March 31, 2024 and 2023, respectively, and unamortized discounts on contract assets were \$0.3 million and \$0.5 million at March 31, 2024 and 2023, respectively.

Content Related Payables

Content related payables include minimum guarantees and accrued licensed program rights obligations, which represent amounts payable for film or television rights that the Company has acquired or licensed.

Other Accrued Liabilities

Other accrued liabilities include employee related liabilities (such as accrued bonuses and salaries and wages) of \$116.2 million and \$102.8 million at March 31, 2024 and 2023, respectively.

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in the components of accumulated other comprehensive income (loss), net of tax. During the years ended March 31, 2024, 2023 and 2022, there was no income tax expense or benefit reflected in other comprehensive income (loss) due to the income tax impact being offset by changes in the Company's deferred tax valuation allowance.

| | Foreign currency translation adjustments | Net unrealized gain (loss) on cash flow hedges | Total |
|--|--|--|----------------|
| | (Amounts in millions) | | |
| March 31, 2021 | \$ (34.3) | (68.1) | \$ (102.4) |
| Other comprehensive loss | (4.6) | 68.2 | 63.6 |
| Reclassifications to net loss ⁽¹⁾ | — | 49.0 | 49.0 |
| March 31, 2022 | (38.9) | 49.1 | 10.2 |
| Other comprehensive income | (2.2) | 82.8 | 80.6 |
| Reclassifications to net loss ⁽¹⁾ | — | 10.7 | 10.7 |
| March 31, 2023 | (41.1) | 142.6 | 101.5 |
| Other comprehensive income (loss) | (1.0) | 30.5 | 29.5 |
| Reclassifications to net loss ⁽¹⁾ | — | (34.3) | (34.3) |
| March 31, 2024 | <u>\$ (42.1)</u> | <u>\$ 138.8</u> | <u>\$ 96.7</u> |

(1) Represents a loss of \$0.3 million included in direct operating expense and a gain of \$34.6 million included in interest expense on the combined statement of operations in the year ended March 31, 2024 (2023- loss of \$0.3 million included in direct operating expense and loss of \$10.4 million included in interest expense; 2022- loss of \$0.2 million included in direct operating expense and loss of \$48.8 million included in interest expense) (see Note 18).

Supplemental Cash Flow Information

Interest paid during the fiscal year ended March 31, 2024 amounted to \$196.9 million (2023 — \$137.7 million; 2022— \$85.0 million).

Income taxes paid during the fiscal year ended March 31, 2024 amounted to net tax paid of \$22.8 million (2023— net tax paid of \$14.3 million; 2022— net tax paid of \$13.9 million).

Significant non-cash transactions during the fiscal years ended March 31, 2024, 2023, and 2022 include certain interest rate swap agreements, which are discussed in Note 18, "Financial Instruments".

The supplemental schedule of non-cash investing activities is presented below. There were no significant non-cash financing activities for the fiscal years ended March 31, 2024, 2023 and 2022.

| | Year Ended March 31, | | |
|---------------------------------------|-------------------------|------|---------|
| | 2024 | 2023 | 2022 |
| (Amounts in millions) | | | |
| Non-cash investing activities: | | | |
| Accrued equity method investment | \$ — | \$ — | \$ 19.0 |

Supplemental cash flow information related to leases was as follows:

| | Year Ended March 31, | | |
|---|-------------------------|---------|---------|
| | 2024 | 2023 | 2022 |
| (Amounts in millions) | | | |
| Cash paid for amounts included in the measurement of lease liabilities: | | | |
| Operating cash flows for operating leases | \$ 45.1 | \$ 40.3 | \$ 44.9 |
| Right-of-use assets obtained in exchange for new lease obligations: | | | |
| Operating leases | \$ 172.1 | \$ 11.3 | \$ 51.1 |
| Increase in right-of-use assets and lease liability due to a reassessment event: | | | |
| Operating leases - increase in right-of-use assets | \$ 103.6 | \$ 17.4 | \$ 30.9 |
| Operating leases - increase in lease liability | \$ 103.6 | \$ 17.4 | \$ 30.9 |

20. Related Party Transactions

Transactions with Lionsgate

As described in Note 1, Lionsgate utilizes a centralized approach to cash management. Cash generated by the Company or borrowed under certain debt obligations is managed by Lionsgate's centralized treasury function and is routinely transferred to the Company or to the Starz Business to fund operating activities of the Studio Business and the Starz Business when needed.

Because of this centralized approach to cash management, financial transactions for cash movement and the settlement of payables and receivables when due with Lionsgate are generally accounted for through accumulated deficit (as recast from parent net investment in connection with the reverse recapitalization, see Note 1). Settlements of amounts payable and receivable when due are reflected as cash payments or receipts for the applicable operating transaction within operating activities in the combined statements of cash flows, with the net change in transactions that otherwise would have been presented as a change in parent net investment prior to the recast to accumulated deficit in connection with the reverse recapitalization described in Note 1, included within financing activities in the combined statements of cash flows.

In the normal course of business, the Company enters into transactions with Lionsgate and the Starz Business which include the following, which unless otherwise indicated are settled through accumulated deficit (as recast from parent net investment in connection with the reverse recapitalization, see Note 1) at the time of the transaction:

Licensing of content to the Starz Business: The Company licenses motion pictures and television programming (including Starz original productions) to the Starz Business. The license fees generally are due upon delivery or due at a point in time following the first showing. License fee amounts due are settled with the Starz Business through accumulated deficit (as recast from parent net investment in connection with the reverse

recapitalization, see Note 1). License fees receivable, not yet due from the Starz Business, are reflected in due from the Starz Business on the combined balance sheets. The consideration to which the Company is entitled under the license agreements with the Starz Business is included in revenue from contracts with customers and presented separately in the combined statement of operations (see Note 12).

Corporate expense allocations: As previously described in Note 1, the accompanying combined financial statements include allocations of certain general and administrative expenses from Lionsgate related to certain corporate and shared service functions historically provided by Lionsgate, including, but not limited to, executive oversight, accounting, tax, legal, human resources, occupancy, and other shared services. During the year ended March 31, 2024, corporate expense allocations, excluding amounts related to share-based compensation discussed below, amounted to \$110.6 million (2023 - \$100.9 million, 2022 - \$80.0 million).

Operating expense reimbursement: As previously described in Note 1, the Company pays certain expenses on behalf of the Starz Business such as certain rent expense, employee benefits, insurance and other administrative operating costs. The Starz Business also pays certain expenses on behalf of the Company such as legal expenses, software development costs and severance. These expenditures are reflected in the financial statements of the Studio Business and the Starz Business as applicable.

Share-based compensation: Lionsgate provides share-based compensation related to the Studio Business employees and as part of its corporate expense allocations a proportionate amount of the share-based compensation related to those corporate functions is allocated to the Studio Business.

Monetization of certain accounts receivables: The Company has entered into an agreement with Starz for Starz to transfer certain accounts receivables to the Company to participate in the Company's pooled monetization arrangement. The Company purchases the transferred receivables at fair value and records them at the purchased amount on its balance sheet and classifies the purchase price paid in parent net investment (see Note 19). The accounts receivables purchased from the Starz Business have historically been pledged as collateral under this agreement. Any discount on the purchase of the receivable from the Starz Business is accreted to interest income over the period to collection of the accounts receivable. The accounts receivable purchased from the Starz Business and subsequent collections are reflected as investing activities in the combined statements of cash flows.

Parent Net Investment

The net transfers to and from Lionsgate discussed above were as follows:

| | Year Ended March 31, | | |
|--|-------------------------|-----------------|-----------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Cash pooling and general financing activities | \$(199.3) | \$ 36.1 | \$(305.2) |
| Licensing of content ⁽¹⁾ | 540.0 | 733.3 | 567.7 |
| Corporate reimbursements | 7.0 | 13.3 | 10.8 |
| Corporate expense allocations (excluding allocation of share-based compensation) | 27.9 | 22.3 | 19.3 |
| Funding of purchases of accounts receivables held for collateral | (85.5) | (183.7) | (172.9) |
| Net transfers to (from) Parent per combined statements of cash flows | <u>\$ 290.1</u> | <u>\$ 621.3</u> | <u>\$ 119.7</u> |

| | Year Ended March 31, | | |
|---|-------------------------|----------------|----------------|
| | 2024 | 2023 | 2022 |
| | (Amounts in millions) | | |
| Share-based compensation (including allocation of share-based compensation) | (62.5) | (73.4) | (70.2) |
| Other non-cash transfer | 11.9 | 2.5 | — |
| Net transfers to (from) Parent per combined statements of equity (deficit) | <u>\$239.5</u> | <u>\$550.4</u> | <u>\$ 49.5</u> |

(1) Reflects the settlement of amounts due from the Starz Business related to the Company's licensing arrangements with the Starz Business.

Other Related Party Transactions

In April 2004, a wholly-owned subsidiary of the Company entered into agreements (as amended) with Ignite, LLC ("Ignite") for distribution rights to certain films. Michael Burns, the Vice Chair and a director of Lionsgate, owns a 65.45% interest in Ignite, and Hardwick Simmons, a director of Lionsgate, owns a 24.24% interest in Ignite. During the year ended March 31, 2024, \$0.3 million was paid to Ignite under these agreements (2023-\$0.4 million).

See Note 1 and Note 21 for a description of the Business Combination Agreement with SEAC. Harry E. Sloan, a director of Lionsgate, is also the Chairman of SEAC, and owns, directly or indirectly, a material interest in Eagle Equity Partners V, LLC, a Delaware limited liability company, the SEAC sponsor. Mr. Sloan recused himself from the decisions to approve the Business Combination made by both the board of directors of SEAC and Lionsgate.

Transactions with Equity Method Investees

Equity Method Investees. In the ordinary course of business, the Company is involved in related party transactions with equity method investees. These related party transactions primarily relate to the licensing and distribution of the Company's films and television programs and the lease of a studio facility owned by a former equity-method investee, for which the impact on the Company's combined balance sheets and combined statements of operations is as follows (see Note 1 and Note 5):

| | March 31, | |
|--|-----------------------|----------------|
| | 2024 | 2023 |
| | (Amounts in millions) | |
| Combined Balance Sheets | | |
| Accounts receivable | \$ 8.1 | \$ 10.8 |
| Investment in films and television programs ⁽¹⁾ | 2.2 | 7.9 |
| Other assets, noncurrent ⁽¹⁾ | — | 45.8 |
| Total due from related parties | <u>\$ 10.3</u> | <u>\$ 64.5</u> |
| Accounts payable ⁽²⁾ | \$ 16.8 | \$ 16.8 |
| Other accrued liabilities ⁽¹⁾ | — | 6.7 |
| Participations and residuals, current | 5.5 | 7.5 |
| Participations and residuals, noncurrent | 1.3 | 2.0 |
| Deferred revenue, current | 0.1 | — |
| Other liabilities ⁽¹⁾ | — | 41.4 |
| Total due to related parties | <u>\$ 23.7</u> | <u>\$ 74.4</u> |

| | Year Ended March 31, | | |
|--|----------------------|--------|-------|
| | 2024 | 2023 | 2022 |
| (Amounts in millions) | | | |
| Combined Statements of Operations | | | |
| Revenues | \$ 3.0 | \$ 4.8 | \$3.0 |
| Direct operating expense | \$ 5.0 | \$ 8.3 | \$6.5 |
| Distribution and marketing expense | \$ 0.8 | \$ 0.4 | \$0.2 |
| Interest and other income | \$— | \$— | \$3.0 |

- (1) As of March 31, 2023, the Company had certain operating leases related to a studio facility owned by an equity-method investee which was sold during the year ended March 31, 2024. Amounts related to these leases as of March 31, 2023 are included in the table above in investment in films and television programs, other assets - noncurrent, other accrued liabilities and other liabilities.
- (2) Amounts primarily represent production related advances due to certain of its equity method investees.

21. Subsequent Events

Lionsgate Senior Notes Exchange. On May 8, 2024, an indirect, wholly-owned subsidiary of Lionsgate issued \$389.9 million aggregate principal amount of new 5.500% senior notes due 2029 (the “New 5.500% Senior Notes”). The New 5.500% Senior Notes were exchanged by Lionsgate for \$389.9 million of the existing 5.500% Senior Notes. The New 5.500% Senior Notes initially bear interest at 5.500% annually and mature April 15, 2029, with the interest rate increasing to 6.000% and the maturity date extending to April 15, 2030 effective upon completion of the separation of the Starz Business from the Studio Business. Lionsgate may redeem the New 5.500% Senior Notes, in whole at any time, or in part from time to time, prior to or on and after the Separation Closing Date, as defined in the indenture to the New 5.500% Senior Notes, at certain specified redemption prices set forth in the indenture to the New 5.500% Senior Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

The Studio Business remains a guarantor under the New 5.500% Senior Notes indenture agreement. Upon completion of the separation of the Starz Business from the Studio Business, the New 5.500% Senior Notes will become obligations of the Studio Business and will be reflected in the Studio Business’s combined financial statements.

Business Combination Agreement. On May 13, 2024, Lionsgate consummated the Business Combination referred to in Note 1. In connection with the closing of the Business Combination, SEAC II Corp. changed its name to “Lionsgate Studios Corp.” (referred to as “Lionsgate Studios”). Lionsgate Studios continued the existing business operations of the Company. Lionsgate Studios became a separate publicly traded company and its common shares commenced trading on Nasdaq under the symbol “LION” on May 14, 2024.

In connection with the Business Combination, Lionsgate and StudioCo entered into a separation agreement pursuant to which (i) the assets and liabilities of the Lionsgate’s Studio Business (including certain subsidiaries of the Lionsgate engaged in the Studio Business) were separated from the assets and liabilities of Lionsgate’s Starz Business (meaning substantially all of the assets and liabilities constituting the Media Networks segment of Lionsgate, and including certain subsidiaries of Lionsgate engaged in Lionsgate’s Starz Business) and transferred to StudioCo such that StudioCo holds, directly or indirectly, all of the assets and liabilities of the Studio Business, and (ii) all of Lionsgate’s equity interests in StudioCo were transferred to Studio HoldCo.

As a result, approximately 87.8% of the total shares of Lionsgate Studios continue to be held by Lionsgate, while former SEAC public shareholders and founders and common equity financing investors own approximately 12.2% of Lionsgate Studios. In addition to establishing the Studio Business as a standalone publicly-traded entity, the transaction resulted in approximately \$330.0 million of gross proceeds to Lionsgate, including \$254.3 million in private investments in public equities (“PIPE”) financing, which amount excludes an aggregate of approximately \$20.0 million that remains due from a PIPE investor that subscribed for common

shares and which shares, are pending issuance subject to receipt of such amount. The net proceeds will be used to pay down amounts outstanding under the Term Loan A and Term Loan B pursuant to the Credit Agreement.

The Business Combination was accounted for as a reverse recapitalization in accordance with U.S. GAAP. Under this method of accounting, SEAC was treated as the acquired company and the Studio Business was treated as the acquirer for financial reporting purposes. Accordingly, for accounting purposes, the financial statements of Lionsgate Studios will represent a continuation of the financial statements of the Studio Business, with the Business Combination treated as the equivalent of the Studio Business issuing stock for the historical net assets of SEAC, substantially consisting of cash held in the trust account, accompanied by a recapitalization of the Studio Business. The Studio Business will continue to be a consolidated subsidiary of Lionsgate. See Note 1.