LIONSGATE AND LIONSGATE STUDIOS REPORT RESULTS FOR FIRST QUARTER FISCAL 2025

Lionsgate Revenue was $834.7 Million

Net Loss Attributable to Lionsgate Shareholders was $59.4 Million or $0.25 Diluted Net Loss Per Share

Adjusted Net Income Attributable to Lionsgate Shareholders was $20.9 Million or $0.09 Adjusted Diluted Earnings Per Share

Lionsgate Operating Income was $18.8 Million

Lionsgate Adjusted OIBDA was $104.5 Million

North American Media Networks and Motion Picture Segment Profits Increased Year-Over-Year by 54% and 24%, Respectively

SANTA MONICA, CA, and VANCOUVER, BC, August 8, 2024 – Lions Gate Entertainment Corp. (NYSE: LGF.A, LGF.B) ("Lionsgate") and Lionsgate Studios Corp. (Nasdaq: LION) ("Lionsgate Studios") today reported first quarter results for the quarter ended June 30, 2024. This press release includes consolidated financial results for parent company Lionsgate as well as operating results for Lionsgate Studios (also referred to as the "Studio Business"), comprised of its Motion Picture and Television Production segments.

Lionsgate reported first quarter revenue of $834.7 million, operating income of $18.8 million, and net loss attributable to Lionsgate shareholders of $59.4 million or $0.25 diluted net loss per share on 235.6 million diluted weighted average common shares outstanding. Adjusted net income attributable to Lionsgate shareholders in the quarter was $20.9 million or $0.09 adjusted diluted net earnings per share on 240.4 million diluted weighted average common shares outstanding. Adjusted OIBDA was $104.5 million in the quarter.

"We're pleased to report a solid quarter despite unprecedented industry disruption and the aftereffects of the strikes," said Lionsgate and Lionsgate Studios CEO Jon Feltheimer. "Our Motion Picture Group, STARZ and our library performed well, though financial results in our television segment reflected a heavily backloaded year. Importantly, we generated great momentum during and after the quarter by taking a number of steps toward full separation by calendar year-end, subject to the timing of normal regulatory approvals."

Trailing 12-month library revenue was $882 million.

First Quarter Results

The Studio Business, comprised of the Motion Picture and Television Production segments, reported revenue of $588.4 million, a decrease of 5.9% from the prior year quarter. Studio Adjusted OIBDA of $58.3 million decreased by 5.5% from the prior year quarter.

Motion Picture segment revenue decreased by 15% to $347.3 million and segment profit increased by 24% to $86.1 million. The year-over-year revenue decline was due to the difficult comparison with the prior year's first quarter, which included carryover theatrical revenue from *John Wick: Chapter Four*. Motion Picture performance was driven by strong theatrical results from *The Strangers: Chapter One*, robust home entertainment performances from several theatrical titles, and lower P&A spend and content amortization.

Television Production segment revenue increased 10% to $241.1 million while segment profit decreased 53% to $10.7 million. Revenue growth was driven by contributions from eOne, while segment profit growth was impacted by lingering impacts of the strike on the timing of deliveries in a heavily backloaded year.

Media Networks North American revenue grew 1% to $345.3 million and segment profit grew 54% to $58.5 million. Revenue growth was driven by the June 2023 price increase and OTT subscriber growth, partially offset by linear declines. Segment profit growth was driven primarily by lower content amortization. North American OTT subscribers increased 5.5% to 13.2 million compared to the prior year quarter, while on a sequential basis, North American OTT subscribers decreased by 180K. Overall North American subscribers decreased by 500K sequentially. Earlier this week, STARZ notified its U.S. customers of a $1.00 rate increase to the service's monthly cost.

Lionsgate and Lionsgate Studios senior management will hold their analyst and investor conference call to discuss fiscal 2025 first quarter results today, August 8th, at 6:00 PM ET/3:00 PM PT. The consolidated financial results of Lionsgate and the operating results of Lionsgate Studios' segments will be discussed on a single call. Interested parties may listen to the live webcast by visiting the events page on either the Lionsgate Investor Relations website or the Lionsgate Studios Investor Relations website. Alternatively, interested parties can join the webcast directly via the following link. A full replay will be available this evening by clicking the same link.

About Lionsgate

Lionsgate (NYSE: LGF.A, LGF.B) encompasses world-class motion picture and television studio operations and the STARZ premium global subscription platform, bringing a unique and varied portfolio of entertainment to consumers around the world. The Company's film, television, subscription and location-based entertainment businesses are backed by a more than 20,000-title library and a valuable collection of iconic film and television franchises. A digital age company driven by its entrepreneurial culture and commitment to innovation, the Lionsgate brand is synonymous with bold, original, relatable entertainment for audiences worldwide.

About Lionsgate Studios

Lionsgate Studios (Nasdaq: LION) is one of the world's leading standalone, pure play, publicly-traded content companies. It brings together diversified motion picture and television production and distribution businesses, a world-class portfolio of valuable brands and franchises, a talent management and production powerhouse and a more than 20,000-title film and television library, all driven by Lionsgate Studios' bold and entrepreneurial culture.

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The matters discussed in this press release include forward-looking statements, including those regarding the performance of future fiscal years. Such statements are subject to a number of risks and uncertainties. Actual results in the future could differ materially and adversely from those described in the forward-looking statements as a result of various important factors, including, but not limited to: the benefits of the business combination consummated on May 13, 2024; the outcome of any legal, regulatory or governmental proceedings that may be instituted against the Company or any investigation or inquiry in connection with the business combination; unexpected costs related to the business combination; changes in our business strategy including the potential separation of the studio business and STARZ business; the substantial investment of capital required to produce and market films and television series; budget overruns; limitations imposed by our credit facilities and notes; unpredictability of the commercial success of our motion pictures and television programming; risks related to acquisition and integration of acquired businesses; the effects of dispositions of businesses or assets, including individual films or libraries; the cost of defending our intellectual property; technological changes and other trends affecting the entertainment industry; potential adverse reactions or changes to business or employee relationships; the impact of global pandemics on our business; weakness in the global economy and financial markets, including a recession and past and future bank failures; wars, terrorism and multiple international conflicts that could cause significant economic disruption and political and social instability; labor disruptions and strikes; and the other risk factors set forth in Lionsgate's and Lionsgate Studios' public filings with the Securities and Exchange Commission. The companies undertake no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances.

Additional Information Available on Websites

The information in this press release should be read in conjunction with the financial statements and footnotes contained in Lionsgate's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, which will be posted on Lionsgate's website at http://investors.lionsgate.com/financial-reports/sec-filings, and Lionsgate Studio's Quarterly Report on Form 10-Q, which will be posted on Lionsgate Studios' website at https://investors.lionsgatestudios.com/. Trending schedules containing certain financial information will also be available.

LIONS GATE ENTERTAINMENT CORP.

CONSOLIDATED BALANCE SHEETS

	June 30, 2024	March 31, 2024
	(Unaudited, amounts in millions)	
ASSETS		
Cash and cash equivalents	$ 192.5	$ 314.0
Accounts receivable, net	654.5	753.0
Other current assets	396.9	396.5
Total current assets	1,243.9	1,463.5
Investment in films and television programs and program rights, net	3,215.6	2,762.2
Property and equipment, net	85.3	88.5
Investments	77.7	74.8
Intangible assets, net	954.0	991.8
Goodwill	812.1	811.2
Other assets	833.6	900.7
Total assets	$ 7,222.2	$ 7,092.7
LIABILITIES		
Accounts payable	$ 320.2	$ 327.6
Content related payables	186.7	190.0
Other accrued liabilities	328.6	355.1
Participations and residuals	608.9	678.4
Film related obligations	1,666.0	1,393.1
Debt - short term portion	649.6	860.3
Deferred revenue	374.2	187.6
Total current liabilities	4,134.2	3,992.1
Debt	1,544.9	1,619.7
Participations and residuals	442.4	435.1
Film related obligations	356.4	544.9
Other liabilities	529.0	556.4
Deferred revenue	116.8	118.4
Deferred tax liabilities	24.5	13.3
Total liabilities	7,148.2	7,279.9
Commitments and contingencies		
Redeemable noncontrolling interest	123.0	123.3
EQUITY (DEFICIT)		
Class A voting common shares, no par value, 500.0 shares authorized, 83.6 shares issued (March 31, 2024 - 83.6 shares issued)	673.8	673.6
Class B non-voting common shares, no par value, 500.0 shares authorized, 152.3 shares issued (March 31, 2024 - 151.7 shares issued)	2,490.4	2,474.4
Accumulated deficit	(3,242.7)	(3,576.7)
Accumulated other comprehensive income	93.1	116.0
Total Lions Gate Entertainment Corp. shareholders' equity (deficit)	14.6	(312.7)
Noncontrolling interests	(63.6)	2.2
Total equity (deficit)	(49.0)	(310.5)
Total liabilities, redeemable noncontrolling interest and equity (deficit)	$ 7,222.2	$ 7,092.7

LIONS GATE ENTERTAINMENT CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions, except per share amounts)	
Revenues	$ 834.7	$ 908.6
Expenses		
Direct operating	429.2	481.2
Distribution and marketing	198.6	244.2
General and administration	119.5	123.6
Depreciation and amortization	46.1	44.4
Restructuring and other	22.5	32.0
Total expenses	815.9	925.4
Operating income (loss)	18.8	(16.8)
Interest expense	(68.8)	(62.0)
Interest and other income	5.1	1.9
Other expense	(3.1)	(5.7)
Gain (loss) on extinguishment of debt	(5.9)	21.2
Equity interests income (loss)	0.9	(0.3)
Loss before income taxes	(53.0)	(61.7)
Income tax provision	(10.1)	(9.8)
Net loss	(63.1)	(71.5)
Less: Net loss attributable to noncontrolling interests	3.7	0.8
Net loss attributable to Lions Gate Entertainment Corp. shareholders	$ (59.4)	$ (70.7)
Per share information attributable to Lions Gate Entertainment Corp. shareholders:		
Basic net loss per common share	$ (0.25)	$ (0.31)
Diluted net loss per common share	$ (0.25)	$ (0.31)
Weighted average number of common shares outstanding:		
Basic	235.6	230.2
Diluted	235.6	230.2

LIONS GATE ENTERTAINMENT CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Operating Activities:		
Net loss	$ (63.1)	$ (71.5)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	46.1	44.4
Amortization of films and television programs and program rights	287.7	359.9
Amortization of debt financing costs and other non-cash interest	8.7	6.8
Non-cash share-based compensation	18.1	16.5
Other amortization	10.8	11.8
Content and other impairments	19.9	28.0
Gain (loss) on extinguishment of debt	5.9	(21.2)
Equity interests (income) loss	(0.9)	0.3
Deferred income taxes	11.2	0.2
Changes in operating assets and liabilities:		
Accounts receivable, net	155.8	76.7
Investment in films and television programs and program rights, net	(694.3)	(445.4)
Other assets	(10.8)	(1.5)
Accounts payable and accrued liabilities	(56.5)	(20.3)
Participations and residuals	(65.4)	(7.4)
Content related payables	(12.8)	12.2
Deferred revenue	180.7	39.7
Net Cash Flows Provided By (Used In) Operating Activities	(158.9)	29.2
Investing Activities:		
Investment in equity method investees and other	(2.0)	—
Acquisition of assets (film library and related assets)	(35.0)	—
Increase in loans receivable	—	(0.9)
Capital expenditures	(9.0)	(8.9)
Net Cash Flows Used In Investing Activities	(46.0)	(9.8)
Financing Activities:		
Debt - borrowings, net of debt issuance and redemption costs	771.8	490.0
Debt - repurchases and repayments	(1,065.4)	(560.1)
Film related obligations - borrowings	636.9	569.9
Film related obligations - repayments	(557.8)	(423.7)
Sale of noncontrolling interest in Lionsgate Studios Corp.	294.0	—
Purchase of noncontrolling interest	—	(0.6)
Distributions to noncontrolling interest	(0.6)	—
Exercise of stock options	—	0.1
Tax withholding required on equity awards	(3.0)	(15.1)
Net Cash Flows Provided By Financing Activities	75.9	60.5
Net Change In Cash, Cash Equivalents and Restricted Cash	(129.0)	79.9
Foreign Exchange Effects on Cash, Cash Equivalents and Restricted Cash	(0.5)	1.2
Cash, Cash Equivalents and Restricted Cash - Beginning Of Period	371.4	313.0
Cash, Cash Equivalents and Restricted Cash - End Of Period	$ 241.9	$ 394.1

LIONS GATE ENTERTAINMENT CORP.

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 three reportable business segments: (1) Motion Picture, (2) Television Production and (3) Media Networks. We refer to our Motion Picture and Television Production segments collectively as our Studio Business.

Studio Business:

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 Starz Networks and LIONSGATE+, 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.

Media Networks Business:

Media Networks. Media Networks consists of the following product lines (i) Starz Networks, which includes the domestic distribution of STARZ branded premium subscription video services through over-the-top ("OTT") platforms, on a direct-to-consumer basis through the Starz App, and through U.S. and Canada multichannel video programming distributors ("MVPDs") including cable operators, satellite television providers and telecommunication companies (collectively, "Distributors"); and (ii) Other, which represents revenues primarily from the OTT distribution of the Company's STARZ branded premium subscription video services outside of the U.S. and Canada.

In the ordinary course of business, the Company's reportable segments enter into transactions with one another. The most common types of intersegment transactions include licensing motion pictures or television programming (including Starz original productions) from the Motion Picture and Television Production segments to the Media Networks segment. While intersegment transactions are treated like third-party transactions to determine segment performance, the revenues (and corresponding expenses, assets, or liabilities recognized by the segment that is the counterparty to the transaction) are eliminated in consolidation and, therefore, do not affect consolidated results.

LIONS GATE ENTERTAINMENT CORP.

SEGMENT INFORMATION (Continued)

Segment information is presented in the tables below. The Motion Picture and Television Production segments include the results of operations of eOne from the acquisition date of December 27, 2023.

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Segment revenues		
Studio Business:		
Motion Picture	$ 347.3	$ 406.5
Television Production	241.1	218.5
Total Studio Business	588.4	625.0
Media Networks	350.1	381.1
Intersegment eliminations	(103.8)	(97.5)
	$ 834.7	$ 908.6
Segment profit		
Studio Business:		
Motion Picture	$ 86.1	$ 69.2
Television Production	10.7	22.9
Total Studio Business[1]	96.8	92.1
Media Networks	57.5	31.9
Intersegment eliminations	(11.3)	(7.9)
Total segment profit[1]	$ 143.0	$ 116.1
Corporate general and administrative expenses	(33.3)	(30.4)
Unallocated rent cost included in direct operating expense[2]	(5.2)	—
Adjusted OIBDA[1]	$ 104.5	$ 85.7

(1) See "Use of Non-GAAP Financial Measures" for the definition of Total Segment Profit, Studio Business Segment Profit and Adjusted OIBDA and reconciliation to the most directly comparable GAAP financial measure.

(2) Amounts represent rent cost for production facilities that were unutilized as a result of the industry strikes, and therefore such amounts are not allocated to the segments.

The Company's primary measure of segment performance is segment profit. Segment profit is defined as segment revenues, less segment direct operating and segment distribution and marketing expense, less segment general and administration expenses. Total segment profit represents the sum of segment profit for our individual segments, net of eliminations for intersegment transactions. Segment profit and total segment profit excludes, when applicable, corporate general and administrative expense, restructuring and other costs, share-based compensation, certain programming and content charges as a result of changes in management and/or programming and content strategy, certain charges related to the COVID-19 global pandemic, and purchase accounting and related adjustments. Segment profit is a GAAP financial measure.

We also present above our total segment profit for all of our segments and the sum of our Motion Picture and Television Production segment profit as our "Studio Business" segment profit. Total segment profit and Studio Business segment profit, when presented outside of the segment information and reconciliations included in the notes to our consolidated financial statements, is considered a non-GAAP financial measure, and should be considered in addition to, not as a substitute for, or superior to, measures of financial performance prepared in accordance with United States GAAP. We use this non-GAAP measure, among other measures, to evaluate the aggregate operating performance of our business.

SEGMENT INFORMATION (Continued)

The following table sets forth segment information by product line for the Media Networks segment for the three months ended June 30, 2024 and 2023:

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Media Networks revenue:		
Starz Networks[1]	$ 345.3	$ 341.6
Other[2]	4.8	39.5
	$ 350.1	$ 381.1
Media Networks segment profit (loss):		
Starz Networks[1]	$ 58.5	$ 38.1
Other[2]	(1.0)	(6.2)
	$ 57.5	$ 31.9

(1) Starz Networks represents the results of operations of the U.S. and Canada, see footnote (2) below.

(2) During the quarter ended June 30, 2024, the Company began reflecting the results of operations of Canada within Starz Networks. Accordingly, the following amounts were reclassified from "Other" (formerly "LIONSGATE+") to Starz Networks in the three months ended June 30, 2023 to conform to the current period presentation: (i) revenue of $4.2 million; (ii) direct operating expense of $2.7 million; and (iii) distribution and marketing expense of $1.1 million, which resulted in gross contribution and segment profit of $0.4 million reclassified. The amounts reflected in "Other" consist of the results of operations outside of the U.S. and Canada.

LIONS GATE ENTERTAINMENT CORP.

SEGMENT INFORMATION (Continued)

Subscriber Data. The number of period-end service subscribers is a key metric which management uses to evaluate a non-ad supported subscription video service. We believe this key metric provides useful information to investors as a growing or decreasing subscriber base is a key indicator of the health of the overall business. Service subscribers may impact revenue differently depending on specific distribution agreements we have with our distributors which may include fixed fees, rates per basic video household or a rate per STARZ subscriber. The following table sets forth, for the periods presented, subscriptions to our Media Networks and STARZPLAY Arabia services, excluding subscribers in territories exited or to be exited:

	As of				As of
	6/30/23	9/30/23	12/31/23	3/31/24	6/30/24
	(Amounts in millions)				
Starz North America[1]					
OTT Subscribers	12.51	12.73	13.43	13.38	13.20
Linear Subscribers	9.48	9.21	8.85	8.42	8.10
Total	21.99	21.94	22.28	21.80	21.30
Other (excluding territories exited or to be exited)[2]					
OTT Subscribers[3]	3.03	3.06	2.45	2.52	2.62
Total Starz (excluding territories exited or to be exited)					
OTT Subscribers[3]	15.54	15.79	15.88	15.90	15.82
Linear Subscribers	9.48	9.21	8.85	8.42	8.10
Total Starz (excluding territories exited or to be exited)	25.02	25.00	24.73	24.32	23.92
STARZPLAY Arabia[4]	2.80	3.04	3.19	3.22	3.25
Total (including STARZPLAY Arabia and excluding territories exited or to be exited)[3]	27.82	28.04	27.92	27.54	27.17
Subscribers by Platform (excluding territories exited or to be exited):					
OTT Subscribers[3][5]	18.34	18.83	19.07	19.12	19.07
Linear Subscribers	9.48	9.21	8.85	8.42	8.10
Total Global Subscribers (excluding territories exited or to be exited)[3]	27.82	28.04	27.92	27.54	27.17

(1) Starz North America represents subscribers in the U.S. and Canada.

(2) Other consists of OTT subscribers in India.

(3) Excludes subscribers in territories exited or to be exited in Australia, Latin America and the U.K. as follows:

	As of				As of
	6/30/23	9/30/23	12/31/23	3/31/2024	6/30/24
	(Amounts in millions)				
OTT Subscribers	1.59	1.58	1.10	0.57	—

(4) Represents subscribers of STARZPLAY Arabia, a non-consolidated equity method investee.

(5) OTT subscribers includes subscribers of STARZPLAY Arabia, as presented above.

LIONS GATE ENTERTAINMENT CORP.

RECONCILIATION OF OPERATING INCOME (LOSS)

TO ADJUSTED OIBDA AND TOTAL SEGMENT PROFIT

The following table reconciles the GAAP measure, operating income (loss) to the non-GAAP measures, Adjusted OIBDA and Total Segment Profit:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
	(Unaudited, amounts in millions)	
Operating income (loss)	$ 18.8	$ (16.8)
Adjusted depreciation and amortization[(1)]	8.5	10.0
Restructuring and other[(2)]	22.5	32.0
COVID-19 related charges (benefit)[(3)]	(3.1)	0.2
Adjusted share-based compensation expense[(4)]	18.1	15.9
Purchase accounting and related adjustments[(5)]	39.7	44.4
Adjusted OIBDA	$ 104.5	$ 85.7
Corporate general and administrative expenses	33.3	30.4
Unallocated rent cost included in direct operating expense[(6)]	5.2	—
Total Segment Profit	$ 143.0	$ 116.1

(1) Adjusted depreciation and amortization represents depreciation and amortization as presented on our consolidated 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:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
	(Unaudited, amounts in millions)	
Depreciation and amortization	$ 46.1	$ 44.4
Less: Amount included in purchase accounting and related adjustments	(37.6)	(34.4)
Adjusted depreciation and amortization	$ 8.5	$ 10.0

(2) Restructuring and other includes restructuring and severance costs, certain transaction and other costs, and certain unusual items, when applicable, as shown in the table below:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
	(Unaudited, amounts in millions)	
Restructuring and other:		
Content and other impairments[(a)]	$ 19.9	$ 28.0
Severance[(b)]		
Cash	3.1	4.3
Accelerated vesting on equity awards	—	0.5
Total severance costs	3.1	4.8
Transaction and other costs[(c)]	(0.5)	(0.8)
	$ 22.5	$ 32.0

(a) *Media Networks Restructuring:* During fiscal 2024, the Company continued executing its restructuring plan, which included exiting all international territories except for Canada and India, and included an evaluation of the programming on Starz's domestic and international platforms.

As a result of these restructuring initiatives, the Company recorded content impairment charges related to the Media Networks segment in the three months ended June 30, 2024 and 2023 of $1.9 million and $28.0 million, respectively. The Company has incurred impairment charges from the inception of the plan through June 30, 2024 amounting to $745.7 million.

Under the current restructuring plan and ongoing strategic content review, the net future cash outlay is estimated to range from approximately $50 million to $55 million, which includes contractual commitments on content in territories being exited or to be exited, and payments on the remaining amounts payable for content removed or that may be removed from its services. The amounts above will depend on the results of its strategic content review and amounts recoverable from alternative distribution strategies, if any, on content in domestic and foreign markets.

As the Company continues to evaluate the Media Networks business and its current restructuring plan in relation to the current micro and macroeconomic environment and the announced plan to separate the Company's Starz business (i.e., Media Networks segment) and Studio Business (i.e., Motion Picture and Television Production segments), including further strategic review of content performance and its strategy on a territory-by-territory basis, the Company may decide to expand its restructuring plan and exit additional territories or remove certain content off its platform in the future. Accordingly, the Company may incur additional content impairment and other restructuring charges beyond the estimates above.

Other Impairments: Amounts in the three months ended June 30, 2024 also include impairments of certain operating lease right-of-use and leasehold improvement assets related to the Television Production segment amounting to $18.0 million associated with facility leases that will no longer be utilized by the Company, primarily related to the integration of eOne.

(b) Severance costs were primarily related to restructuring activities and other cost-saving initiatives.

(c) Transaction and other costs in the three months ended June 30, 2024 and 2023 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 the three months ended June 30, 2024 and 2023, transaction and other costs also includes a benefit of $7.1 million and $3.8 million, respectively, associated with an arrangement to migrate subscribers in some of the exited territories to a third-party in connection with the Starz international restructuring.

(3) Amounts include incremental costs incurred, if any, due to circumstances associated with the COVID-19 global pandemic, net of insurance recoveries. In the three months ended June 30, 2024, insurance recoveries exceeded the incremental costs expensed in the period, resulting in a net benefit included in direct operating expense.

(4) The following table reconciles total share-based compensation expense to adjusted share-based compensation expense:

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Total share-based compensation expense	$ 18.1	$ 16.4
Less: Amount included in restructuring and other[(a)]	—	(0.5)
Adjusted share-based compensation	$ 18.1	$ 15.9

(a) Represents share-based compensation expense included in restructuring and other expenses reflecting the impact of the acceleration of certain vesting schedules for equity awards pursuant to certain severance arrangements.

(5) 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:

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Purchase accounting and related adjustments:		
General and administrative expense[(a)]	$ 2.1	$ 10.0
Depreciation and amortization	37.6	34.4
	$ 39.7	$ 44.4

(a) These adjustments include the expense associated with the noncontrolling equity interests in the distributable earnings related to 3 Arts Entertainment, 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 interest in the distributable earnings of 3 Arts Entertainment are reflected as an expense rather than noncontrolling interest in the unaudited condensed consolidated statement of operations due to the relationship to continued employment.

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Amortization of recoupable portion of the purchase price	$ —	$ 1.3
Noncontrolling equity interest in distributable earnings	2.1	8.7
	$ 2.1	$ 10.0

(6) Amounts represent rent cost for production facilities that were unutilized as a result of the industry strikes, and therefore such amounts are not allocated to the segments.

LIONS GATE ENTERTAINMENT CORP.

RECONCILIATION OF NET LOSS ATTRIBUTABLE TO LIONS GATE ENTERTAINMENT CORP. SHAREHOLDERS TO ADJUSTED NET INCOME (LOSS) ATTRIBUTABLE TO LIONS GATE ENTERTAINMENT CORP. SHAREHOLDERS, AND BASIC AND DILUTED EPS TO ADJUSTED BASIC AND DILUTED EPS

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
	(Unaudited, amounts in millions, except per share amounts)	
Reported Net Loss Attributable to Lions Gate Entertainment Corp. Shareholders	$ (59.4)	$ (70.7)
Adjusted share-based compensation expense	18.1	15.9
Restructuring and other	22.5	32.0
COVID-19 related charges (benefit)	(3.1)	0.2
Purchase accounting and related adjustments	39.7	44.4
(Gain) loss on extinguishment of debt	5.9	(21.2)
Tax impact of above items[(1)]	(0.1)	0.1
Noncontrolling interest impact of above items[(2)]	(2.7)	(10.5)
Adjusted Net Income (Loss) Attributable to Lions Gate Entertainment Corp. Shareholders	$ 20.9	$ (9.8)
Reported Basic EPS	$ (0.25)	$ (0.31)
Impact of adjustments on basic earnings per share	0.34	0.27
Adjusted Basic EPS	$ 0.09	$ (0.04)
Reported Diluted EPS	$ (0.25)	$ (0.31)
Impact of adjustments on diluted earnings per share	0.34	0.27
Adjusted Diluted EPS	$ 0.09	$ (0.04)
Adjusted weighted average number of common shares outstanding:		
Basic	235.6	230.2
Diluted	240.4	230.2

(1) Represents the tax impact of the adjustments to net income attributable to Lions Gate Entertainment Corp. shareholders, calculated using the applicable effective tax rate of the adjustment.

(2) Represents the noncontrolling interest impact of the adjustments related to subsidiaries that are not wholly owned.

LIONS GATE ENTERTAINMENT CORP.

RECONCILIATION OF NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES

TO ADJUSTED FREE CASH FLOW

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Net Cash Flows Provided By (Used In) Operating Activities	$ (158.9)	$ 29.2
Capital expenditures	(9.0)	(8.9)
Net borrowings under and (repayment) of production and related loans[(1)]:		
Production loans and programming notes	68.7	0.5
Production tax credit facility	(0.2)	3.1
Payments on impaired content in territories exited or to be exited[(2)]	10.5	10.9
Adjusted Free Cash Flow	$ (88.9)	$ 34.8

(1) See "Reconciliation for Non-GAAP Adjustments for Net Borrowings Under and (Repayment) of Production and Related Loans" for reconciliation to the most directly comparable GAAP financial measure.

(2) Represents cash payments made on impaired content in territories exited or to be exited under the LIONSGATE+ international restructuring.

LIONS GATE ENTERTAINMENT CORP.

RECONCILIATION OF NON-GAAP ADJUSTMENTS FOR NET BORROWINGS UNDER AND REPAYMENT OF PRODUCTION AND RELATED LOANS

The following tables reconcile the non-GAAP adjustments for net borrowings under and (repayment) of production and related loans to the changes in the related balance sheet amounts and the consolidated statement of cash flows:

	Three Months Ended June 30, 2024			
	Non-GAAP Adjustments to Adjusted Free Cash Flow			
	Production Loans and Programming Notes	Production Tax Credit Facility	Other Film Related Obligations	Total per GAAP Balance Sheet and Statement of Cash Flows
	(Unaudited, amounts in millions)			
Film related obligations at beginning of period (current and non-current)				$ 1,938.0
Cash flows provided by (used in) financing activities:				
Borrowings	$ 524.9	$ 12.5	$ 99.5	636.9
Repayments	(459.9)	(12.7)	(85.2)	(557.8)
Adjustment related to net payments on loans outstanding prior to acquisition of eOne	3.7	—	—	
	$ 68.7	$ (0.2)	$ 14.3	
Cash flows provided by (used in) operating activities:				
Included in cash flows provided by (used in) operating activities				5.3
Film related obligations at end of period (current and non-current)				$ 2,022.4

	Three Months Ended June 30, 2023			
	Non-GAAP Adjustments to Adjusted Free Cash Flow			
	Production Loans and Programming Notes	Production Tax Credit Facility	Other Film Related Obligations	Total per GAAP Balance Sheet and Statement of Cash Flows
	(Unaudited, amounts in millions)			
Film related obligations at beginning of period (current and non-current)				$ 2,023.6
Cash flows provided by (used in) financing activities:				
Borrowings	$ 397.6	$ 15.8	$ 156.5	569.9
Repayments	(397.1)	(12.7)	(13.9)	(423.7)
	$ 0.5	$ 3.1	$ 142.6	
Cash flows provided by (used in) operating activities:				
Included in cash flows provided by (used in) operating activities				3.0
Film related obligations at end of period (current and non-current)				$ 2,172.8

LIONS GATE ENTERTAINMENT CORP.

USE OF NON-GAAP FINANCIAL MEASURES

This earnings release presents the following important financial measures utilized by Lions Gate Entertainment Corp. (the "Company," "we," "us" or "our") that are not all financial measures defined by generally accepted accounting principles ("GAAP"). The Company uses non-GAAP financial measures, among other measures, to evaluate the operating performance of our business. These non-GAAP financial measures are in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with United States GAAP.

Adjusted OIBDA: Adjusted OIBDA is defined as operating income (loss) before adjusted depreciation and amortization ("OIBDA"), adjusted for adjusted share-based compensation ("adjusted SBC"), purchase accounting and related adjustments, restructuring and other costs, certain charges (benefits) related to the COVID-19 global pandemic, certain programming and content charges as a result of management changes and/or changes in strategy, and unusual gains or losses (such as goodwill and intangible asset impairment), when applicable.

- Adjusted depreciation and amortization represents depreciation and amortization as presented on our consolidated statement of operations, less the depreciation and amortization related to the amortization of purchase accounting and related adjustments associated with recent acquisitions. Accordingly, the full impact of the purchase accounting is included in the adjustment for "purchase accounting and related adjustments", described below.
- Adjusted share-based compensation represents share-based compensation excluding the impact of the acceleration of certain vesting schedules for equity awards pursuant to certain severance arrangements, which are included in restructuring and other expenses, when applicable.
- Restructuring and other includes restructuring and severance costs, certain transaction and other costs, and certain unusual items, when applicable.
- COVID-19 related charges or benefits include incremental costs associated with the pausing and restarting of productions including paying/hiring certain cast and crew, maintaining idle facilities and equipment costs, and when applicable, certain motion picture and television impairments and development charges associated with changes in performance expectations or the feasibility of completing the project resulting from circumstances associated with the COVID-19 global pandemic, net of insurance recoveries, which are included in direct operating expense, when applicable. In addition, the costs include early or contractual marketing spends for film releases and events that have been canceled or delayed and will provide no economic benefit, which are included in distribution and marketing expense, when applicable.
- Programming and content charges include certain charges as a result of changes in management and/or changes in programming and content strategy, which are included in direct operating expenses, when applicable.
- Purchase accounting and related adjustments primarily represent the amortization of non-cash fair value adjustments to certain assets acquired in recent acquisitions. These adjustments include the accretion of the noncontrolling interest discount related to Pilgrim Media Group and 3 Arts Entertainment, the non-cash charge for the amortization of the recoupable portion of the purchase price and the expense associated with the noncontrolling equity interests in the distributable earnings related to 3 Arts Entertainment, all of which are accounted for as compensation and are included in general and administrative expense.

Adjusted OIBDA is calculated similar to how the Company defines segment profit and manages and evaluates its segment operations. Segment profit also excludes corporate general and administrative expense.

Total Segment Profit and Studio Business Segment Profit and Studio Business Adjusted OIBDA: We present the sum of our Motion Picture and Television Production segment profit as our "Studio Business" segment profit, and we define our Studio Business Adjusted OIBDA as Studio Business segment profit less corporate general and administrative expenses. Total segment profit and Studio Business segment profit and Studio Business Adjusted OIBDA, when presented outside of the segment information and reconciliations included in our consolidated financial statements, is considered a non-GAAP financial measure, and should be considered in addition to, not as a substitute for, or superior to, measures of financial performance prepared in accordance with United States GAAP. We use this non-GAAP measure, among other measures, to evaluate the aggregate operating performance of our business.

The Company believes the presentation of total segment profit and Studio Business segment profit is relevant and useful for investors because it allows investors to view total 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 before non-operating items. Total segment profit and Studio Business segment profit is considered an important measure of the Company’s performance because it reflects the aggregate profit contribution from the Company's segments, both in total and for the Studio Business and represents a measure, consistent with our segment profit, that eliminates amounts that, in management’s opinion, do not necessarily reflect the fundamental performance of the Company’s businesses, are infrequent in occurrence, and in some cases are non-cash expenses. Not all companies calculate segment profit or total segment profit in the same manner, and segment profit and total segment profit as defined by the Company may not be comparable to similarly titled measures presented by other companies due to differences in the methods of calculation and excluded items.

Adjusted Free Cash Flow: Free cash flow is typically defined as net cash flows provided by (used in) operating activities, less capital expenditures. The Company defines Adjusted Free Cash Flow as net cash flows provided by (used in) operating activities, less capital expenditures, plus or minus the net increase or decrease in production and related loans (which includes our production tax credit facility), plus or minus certain unusual or non-recurring items, such as insurance recoveries on prior shareholder litigation, proceeds from the termination of interest rate swaps, and payments on impaired content in territories exited or to be exited.

The adjustment for the production and related loans, exclusive of our production tax credit facility, is made because the GAAP based cash flows from operations reflects a non-cash reduction of cash flows for the cost of films and television programs prior to the time the Company pays for the film or television program through the payment of the associated production or related loan which occurs at or near completion of the production, or in some cases, over the period revenues and cash receipts are being generated, as more fully described below.

The cost of producing films and television programs, which is reflected as a reduction of the GAAP based cash flows provided by (used in) operating activities, is often financed through production loans. The adjustment for production and related loans is made in order to better align the timing of the cash flows associated with producing films and television programs with the timing of the repayment of the production loans, which is consistent with how management views its production cash spend and manages the Company's cash flows and working capital needs. Borrowings on production loans offset the spend on investment in films reflected in the GAAP based cash flows provided by (used in) operating activities and thus increase the Adjusted Free Cash Flows as compared to the GAAP based cash flows provided by (used in) operating activities and subsequent payments on production loans reflect the payment for the production of the film or TV program and reduce Adjusted Free Cash Flows as compared to the GAAP based cash flows provided by (used in) operating activities.

The adjustment for the production tax credit facility is made to better reflect the timing of the cash requirements of the production, since a portion of the amounts expended initially are later refunded through the receipt of the tax credit, as more fully described below. The production tax credit facility reduces the timing difference between the payments for production cost and the receipt of the tax credit and thus reflects the cash cost of the film or television program at or near the time the film or television program is produced and completed.

Part of the cost of a film or television program is effectively funded through obtaining government incentives, however, the incentives are not received until a future period which could be a few years after the completion of the film. The tax credit facility reflects borrowings collateralized by the tax credits to be received in the future and thus by including these borrowings in Adjusted Free Cash Flow it has the effect of better aligning the receipt of the tax credits with the timing of the production and completion of the film and television programs, which is consistent with how management views its production cash spend and manages the Company's cash flows and working capital needs. Borrowings under the tax credit facility reduce the cash spend reflected in the GAAP based cash flows provided by (used in) operating activities and thus increase adjusted free cash flows and payments on the tax credit facility offset the tax credit receivable collection reflected in the GAAP based cash flows provided by (used in) operating activities and reduce adjusted free cash flows as compared to the GAAP based cash flows provided by (used in) operating activities.

The Company believes that it is more meaningful to reflect the impact of the payment for these films and television programs when the payments are made under the production loans and the receipt of the tax credit when the film is being produced in its Adjusted Free Cash Flow.

The adjustment for the payments on impaired content represents cash payments made on impaired content in territories exited or to be exited under the LIONSGATE+ international restructuring. The adjustment is made because these cash payments relate to content in territories the Company has exited or is exiting, and therefore the cash payments are not reflective of the ongoing operations of the Company.

Adjusted Net Income (Loss) Attributable to Lions Gate Entertainment Corp. Shareholders: Adjusted net income (loss) attributable to Lions Gate Entertainment Corp. shareholders is defined as net income (loss) attributable to Lions Gate Entertainment Corp. shareholders, adjusted for share-based compensation, purchase accounting and related adjustments, restructuring and other items, insurance recoveries on prior shareholder litigation and net gains or losses on investments and other, gain or loss on extinguishment of debt, certain programming and content charges, COVID-19 related charges (benefit), and unusual gains or losses (such as goodwill and intangible asset impairment), when applicable, as described in the Adjusted OIBDA definition, net of the tax effect of the adjustments at the applicable effective tax rate for each adjustment and net of the impact of the adjustments on noncontrolling interest.

Adjusted Basic and Diluted EPS: Adjusted basic earnings (loss) per share is defined as adjusted net income (loss) attributable to Lions Gate Entertainment Corp. shareholders divided by the weighted average shares outstanding. Diluted EPS is similar to basic EPS but is adjusted for the effects of securities that are diluted based on the level of adjusted net income (loss), similar to GAAP.

Overall: These measures are non-GAAP financial measures as defined in Regulation G promulgated by the SEC and are in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with United States GAAP.

We use these non-GAAP measures, among other measures, to evaluate the operating performance of our business. We believe these measures provide useful information to investors regarding our results of operations and cash flows before non-operating items. Adjusted OIBDA is considered an important measure of the Company's performance because this measure eliminates amounts that, in management's opinion, do not necessarily reflect the fundamental performance of the Company's businesses, are infrequent in occurrence, and in some cases are non-cash expenses. Adjusted Free Cash Flow is considered an important measure of the Company's liquidity because it provides information about the ability of the Company to reduce net corporate debt, make strategic investments, dividends and share repurchases. Adjusted Net Income (Loss) Attributable to Lions Gate Entertainment Corp. Shareholders and Adjusted EPS are considered important measures of the Company's business operations as, similar to Adjusted OIBDA, these measures eliminate amounts that, in management's opinion, do not necessarily reflect the fundamental performance of the Company's businesses.

These non-GAAP measures are commonly used in the entertainment industry and by financial analysts and others who follow the industry to measure operating performance. However, not all companies calculate these measures in the same manner and the measures as presented may not be comparable to similarly titled measures presented by other companies due to differences in the methods of calculation and excluded items.

A general limitation of these non-GAAP financial measures is that they are not prepared in accordance with U.S. generally accepted accounting principles. These measures should be reviewed in conjunction with the relevant GAAP financial measures and are not presented as alternative measures of operating income, cash flow, net income (loss), or earnings (loss) per share as determined in accordance with GAAP. Reconciliations of the adjusted metrics utilized to their corresponding GAAP metrics are provided below.

LIONSGATE STUDIOS CORP.

FINANCIAL INFORMATION

LIONSGATE STUDIOS CORP.

CONSOLIDATED BALANCE SHEETS

	June 30, 2024	March 31, 2024
	(Unaudited, amounts in millions)	
ASSETS		
Cash and cash equivalents	$ 167.2	$ 277.0
Accounts receivable, net	578.0	688.6
Due from Starz Business	64.4	33.4
Other current assets	373.0	373.1
Total current assets	1,182.6	1,372.1
Investment in films and television programs, net	2,345.6	1,929.0
Property and equipment, net	34.3	37.3
Investments	77.7	74.8
Intangible assets, net	24.4	25.7
Goodwill	812.1	811.2
Other assets	789.1	852.9
Total assets	$ 5,265.8	$ 5,103.0
LIABILITIES		
Accounts payable	$ 231.1	$ 246.7
Content related payables	52.8	41.4
Other accrued liabilities	273.1	282.4
Participations and residuals	578.2	647.8
Film related obligations	1,612.1	1,393.1
Debt - short term portion	716.3	860.3
Deferred revenue	388.7	170.6
Total current liabilities	3,852.3	3,642.3
Debt	847.4	923.0
Participations and residuals	442.4	435.1
Film related obligations	356.5	544.9
Other liabilities	440.1	452.5
Deferred revenue	116.8	118.4
Deferred tax liabilities	13.3	13.7
Total liabilities	6,068.8	6,129.9
Commitments and contingencies		
Redeemable noncontrolling interests	123.0	123.3
EQUITY (DEFICIT)		
Common shares, no par value, unlimited authorized, 288.7 shares issued (March 31, 2024-253.4 shares issued)	289.3	—
Accumulated deficit	(1,339.2)	(1,249.1)
Accumulated other comprehensive income	89.1	96.7
Total Lionsgate Studios Corp shareholders' equity (deficit)	(960.8)	(1,152.4)
Noncontrolling interests	34.8	2.2
Total equity (deficit)	(926.0)	(1,150.2)
Total liabilities, redeemable noncontrolling interests and equity (deficit)	$ 5,265.8	$ 5,103.0

LIONSGATE STUDIOS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,	
	2024	**2023**
	(Unaudited, amounts in millions, except per share amounts)	
Revenues:		
Revenue	$ 484.6	$ 527.5
Revenue - Starz Business	103.8	97.5
Total revenues	588.4	625.0
Expenses:		
Direct operating	355.8	362.1
Distribution and marketing	92.6	129.2
General and administration	92.1	88.4
Depreciation and amortization	4.6	4.2
Restructuring and other	27.7	4.1
Total expenses	572.8	588.0
Operating income	15.6	37.0
Interest expense	(58.6)	(49.9)
Interest and other income	5.1	2.2
Other expense	(1.4)	(3.8)
Loss on extinguishment of debt	(1.0)	—
Equity interests income (loss)	0.9	(0.3)
Loss before income taxes	(39.4)	(14.8)
Income tax provision	(5.0)	(6.6)
Net loss	(44.4)	(21.4)
Less: Net loss attributable to noncontrolling interests	0.9	0.9
Net loss attributable to Lionsgate Studios Corp. shareholders	$ (43.5)	$ (20.5)
Per share information attributable to Lionsgate Studios Corp. shareholders:		
Basic net loss per common share	$ (0.16)	$ (0.08)
Diluted net loss per common share	$ (0.16)	$ (0.08)
Weighted average number of common shares outstanding:		
Basic	272.4	253.4
Diluted	272.4	253.4

LIONSGATE STUDIOS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
	(Unaudited, amounts in millions)	
Operating Activities:		
Net loss	$ (44.4)	$ (21.4)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	4.6	4.2
Amortization of films and television programs	230.5	254.1
Other impairments	18.0	—
Amortization of debt financing costs and other non-cash interest	7.9	6.0
Non-cash share-based compensation	12.6	12.2
Other amortization	9.9	9.2
Loss on extinguishment of debt	1.0	—
Equity interests (income) loss	(0.9)	0.3
Deferred income taxes	(0.4)	0.2
Changes in operating assets and liabilities:		
Accounts receivable, net	167.7	82.5
Investment in films and television programs, net	(599.4)	(374.1)
Other assets	(11.1)	(1.2)
Accounts payable and accrued liabilities	(37.0)	(14.5)
Participations and residuals	(64.4)	(6.6)
Content related payables	6.7	(5.2)
Deferred revenue	212.1	38.2
Due from Starz Business	(31.0)	53.8
Net Cash Flows Provided By (Used In) Operating Activities	(117.6)	37.7
Investing Activities:		
Investment in equity method investees and other	(2.0)	—
Acquisition of assets (film library and related assets)	(35.0)	—
Increase in loans receivable	—	(0.9)
Purchases of accounts receivables held for collateral	—	(49.8)
Receipts of accounts receivables held for collateral	—	46.3
Capital expenditures	(4.1)	(1.4)
Net Cash Flows Used In Investing Activities	(41.1)	(5.8)
Financing Activities:		
Debt - borrowings, net of debt issuance and redemption costs	879.5	490.0
Debt - repurchases and repayments	(1,066.7)	(498.7)
Film related obligations - borrowings	583.2	507.7
Film related obligations - repayments	(557.9)	(340.9)
Purchase of noncontrolling interest	—	(0.6)
Distributions to noncontrolling interest	(0.6)	—
Parent net investment	(90.4)	(140.2)
Proceeds from Business Combination	294.0	—
Net Cash Flows Provided By Financing Activities	41.1	17.3
Net Change In Cash, Cash Equivalents and Restricted Cash	(117.6)	49.2
Foreign Exchange Effects on Cash, Cash Equivalents and Restricted Cash	(0.2)	(0.8)
Cash, Cash Equivalents and Restricted Cash - Beginning Of Period	334.4	251.4
Cash, Cash Equivalents and Restricted Cash - End Of Period	$ 216.6	$ 299.8

LIONSGATE STUDIOS CORP.

SEGMENT INFORMATION

Lionsgate Studios' 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.

Lionsgate Studios has two reportable business segments: (1) Motion Picture, (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 tables below. The Motion Picture and Television Production segments include the results of operations of eOne from the acquisition date of December 27, 2023.

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Segment revenues		
Motion Picture	$ 347.3	$ 406.5
Television Production	241.1	218.5
Total revenue	$ 588.4	$ 625.0
Segment profit		
Motion Picture	$ 86.1	$ 69.2
Television Production	10.7	22.9
Total segment profit(1)	96.8	92.1
Corporate general and administrative expenses(2)	(33.3)	(30.4)
Unallocated rent cost included in direct operating expense(3)	(5.2)	—
Adjusted OIBDA(1)	$ 58.3	$ 61.7

(1) See "Use of Non-GAAP Financial Measures" for the definition of Total Segment Profit, and Adjusted OIBDA and further below for the reconciliation to the most directly comparable GAAP financial measure.

(2) Corporate general and administrative expenses represent the corporate general and administrative expenses allocated to the Studio Business and included in the historical combined or consolidated financial statements, plus amounts that were allocated to Starz prior to the separation such that the total corporate general and administrative expenses reflect the same amounts as historically presented in the Lionsgate consolidated corporate general and administrative expenses less any allocations to Starz post the separation pursuant to the shared services and overhead sharing agreement. The table below breaks out the components of the corporate general and administrative expenses:

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Corporate general and administrative expense historically allocated to the Studio Business and included in the historical unaudited combined or consolidated financial statements of Lionsgate Studios Corp.	$ 31.0	$ 24.5
Adjustment to add the corporate general and administrative expense historically allocated to the Starz Business	2.3	5.9
Corporate general and administrative expenses	$ 33.3	$ 30.4

The following table reconciles corporate general and administrative expense allocated to the Studio Business to the Studio Business's total consolidated general and administration expense:

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
General and administrative expenses		
Corporate general and administrative expense historically allocated to the Studio Business	$ 31.0	$ 24.5
Segment general and administrative expenses	46.4	42.1
Share-based compensation expense included in general and administrative expense	12.6	11.7
Purchase accounting and related adjustments	2.1	10.1
	$ 92.1	$ 88.4

(3) Amounts represent rent cost for production facilities that were unutilized as a result of the industry strikes, and therefore such amounts are not allocated to the segments.

Lionsgate Studios' 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, 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 Lionsgate Studios' management and enables them to understand the fundamental performance of the Company's businesses. Segment profit is a GAAP financial measure.

We also present above our total segment profit for all of our segments. Total segment profit, when presented outside of the segment information and reconciliations included in the notes to our combined financial statements, is considered a non-GAAP financial measure, and should be considered in addition to, not as a substitute for, or superior to, measures of financial performance prepared in accordance with United States GAAP. We use this non-GAAP measure, among other measures, to evaluate the aggregate operating performance of our business.

LIONSGATE STUDIOS CORP.

RECONCILIATION OF OPERATING INCOME

TO ADJUSTED OIBDA AND TOTAL SEGMENT PROFIT

The following table reconciles the GAAP measure, operating income to the non-GAAP measures, Total Segment Profit and Adjusted OIBDA:

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Operating income	$ 15.6	$ 37.0
Adjusted depreciation and amortization[1]	3.6	2.8
Restructuring and other[2]	27.7	4.1
COVID-19 related charges (benefit)[3]	(2.0)	0.1
Content charges[4]	—	0.4
Unallocated rent cost included in direct operating expense[5]	5.2	—
Adjusted share-based compensation expense[6]	12.6	11.7
Purchase accounting and related adjustments[7]	3.1	11.5
Corporate general and administrative expense historically allocated to the Studio Business	31.0	24.5
Total Segment Profit	$ 96.8	$ 92.1
Corporate general and administrative expenses[8]	(33.3)	(30.4)
Unallocated rent cost included in direct operating expense[5]	(5.2)	—
Adjusted OIBDA[1]	$ 58.3	$ 61.7

(1) Adjusted depreciation and amortization represents depreciation and amortization as presented on our 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:

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Depreciation and amortization	$ 4.6	$ 4.2
Less: Amount included in purchase accounting and related adjustments	(1.0)	(1.4)
Adjusted depreciation and amortization	$ 3.6	$ 2.8

(2) Restructuring and other includes restructuring and severance costs, certain transaction and other costs, and certain unusual items, when applicable, as shown in the table below:

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Restructuring and other:		
Other impairments[a]	$ 18.0	$ —
Severance[b]		
Cash	3.0	2.0
Accelerated vesting on equity awards	—	0.5
Total severance costs	3.0	2.5
Transaction and other costs[c]	6.7	1.6
	27.7	4.1

(a) Amounts in the three months ended June 30, 2024 relate to impairments of certain operating lease right-of-use and leasehold improvement assets related to the Television Production segment associated with facility leases that will no longer be utilized by the Company primarily related to the integration of eOne.

(b) Severance costs were primarily related to restructuring activities and other cost-saving initiatives.

(c) Transaction and other costs in the three months ended June 30, 2024 and 2023 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.

(3) Amounts represent the incremental costs, if any, included in direct operating expense resulting from circumstances associated with the COVID-19 global pandemic, net of insurance recoveries. For the three months ended June 30, 2024, insurance recoveries exceeded the incremental costs expensed, resulting in a net benefit included in direct operating expense. These charges (benefits) are excluded from segment operating results.

(4) Amounts represent certain unusual content charges. These charges are excluded from segment results and included in amortization of investment in film and television programs in direct operating expense on the unaudited condensed consolidated statement of operations.

(5) Amounts represent rent cost for production facilities that were unutilized as a result of the industry strikes, and therefore such amounts are not allocated to the segments.

(6) The following table reconciles total share-based compensation expense to adjusted share-based compensation expense:

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Total share-based compensation expense	$ 12.6	$ 12.2
Less: Amount included in restructuring and other[a]	—	(0.5)
Adjusted share-based compensation	$ 12.6	$ 11.7

(a) Represents share-based compensation expense included in restructuring and other expenses reflecting the impact of the acceleration of certain vesting schedules for equity awards pursuant to certain severance arrangements.

(7) The following sets forth the amounts included in each line item in the financial statements:

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Purchase accounting and related adjustments:		
General and administrative expense[(a)]	$ 2.1	$ 10.1
Depreciation and amortization	1.0	1.4
	$ 3.1	$ 11.5

(a) These adjustments include the expense associated with the noncontrolling equity interests in the distributable earnings related to 3 Arts Entertainment, 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 unaudited condensed consolidated statements of operations due to the relationship to continued employment.

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Amortization of recoupable portion of the purchase price	$ —	$ 1.3
Noncontrolling equity interest in distributable earnings	2.1	8.8
	$ 2.1	$ 10.1

(8) Corporate general and administrative expenses represent the corporate general and administrative expenses allocated to the Studio Business and included in the historical combined or consolidated financial statements, plus amounts that were allocated to Starz prior to the separation such that the total corporate general and administrative expenses reflect the same amounts as historically presented in the Lionsgate consolidated corporate general and administrative expenses less any allocations to Starz post the separation pursuant to the shared services and overhead sharing agreement, see footnote (2) in Segment Information above for further detail.

LIONSGATE STUDIOS CORP.

RECONCILIATION OF NET LOSS ATTRIBUTABLE TO LIONSGATE STUDIOS CORP. SHAREHOLDERS TO ADJUSTED NET LOSS ATTRIBUTABLE TO LIONSGATE STUDIOS CORP. SHAREHOLDERS, AND BASIC AND DILUTED EPS TO ADJUSTED BASIC AND DILUTED EPS

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions, except per share amounts)	
Reported Net Loss Attributable to Lionsgate Studios Corp. Shareholders	$ (43.5)	$ (20.5)
Adjusted share-based compensation expense	12.6	11.7
Restructuring and other	27.7	4.1
COVID-19 related charges (benefit)	(2.0)	0.1
Content charges	—	0.4
Purchase accounting and related adjustments	3.1	11.5
(Gain) loss on extinguishment of debt	1.0	—
Tax impact of above items[1]	—	(0.1)
Noncontrolling interest impact of above items[2]	(2.7)	(10.5)
Adjusted Net Loss Attributable to Lionsgate Studios Corp. Shareholders	$ (3.8)	$ (3.3)
Reported Basic EPS	$ (0.16)	$ (0.08)
Impact of adjustments on basic earnings per share	0.15	0.07
Adjusted Basic EPS	$ (0.01)	$ (0.01)
Reported Diluted EPS	$ (0.16)	$ (0.08)
Impact of adjustments on diluted earnings per share	0.15	0.07
Adjusted Diluted EPS	$ (0.01)	$ (0.01)
Adjusted weighted average number of common shares outstanding:		
Basic	272.4	253.4
Diluted	272.4	253.4

(1) Represents the tax impact of the adjustments to net income attributable to Lionsgate Studios Corp. shareholders, calculated using the applicable effective tax rate of the adjustment.

(2) Represents the noncontrolling interest impact of the adjustments related to subsidiaries that are not wholly owned.

LIONSGATE STUDIOS CORP.

RECONCILIATION OF NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES

TO ADJUSTED FREE CASH FLOW

	Three Months Ended June 30,	
	2024	2023
	(Unaudited, amounts in millions)	
Net Cash Flows Provided By (Used In) Operating Activities	$ (117.6)	$ 37.7
Capital expenditures	(4.1)	(1.4)
Net borrowings under and (repayment) of production and related loans[1]:		
Production loans	14.9	21.1
Production tax credit facility	(0.2)	3.1
Adjusted Free Cash Flow	$ (107.0)	$ 60.5

(1) See "Reconciliation for Non-GAAP Adjustments for Net Borrowings Under and (Repayment) of Production and Related Loans" for reconciliation to the most directly comparable GAAP financial measure.

LIONSGATE STUDIOS CORP.

RECONCILIATION OF NON-GAAP ADJUSTMENTS FOR NET BORROWINGS UNDER AND REPAYMENT OF PRODUCTION AND RELATED LOANS

The following tables reconcile the non-GAAP adjustments for net borrowings under and (repayment) of production and related loans to the changes in the related balance sheet amounts and the consolidated statement of cash flows:

	Three Months Ended June 30, 2024			
	Non-GAAP Adjustments to Adjusted Free Cash Flow			**Total per GAAP Balance Sheet and Statement of Cash Flows**
	Production Loans	Production Tax Credit Facility	Other Film Related Obligations	
	(Unaudited, amounts in millions)			
Film related obligations at beginning of period (current and non-current)				$ 1,938.0
Cash flows provided by (used in) financing activities:				
Borrowings	$ 471.1	$ 12.5	$ 99.6	583.2
Repayments	(459.9)	(12.7)	(85.3)	(557.9)
Adjustment related to net payments on loans outstanding prior to acquisition of eOne	3.7	—	—	
	$ 14.9	$ (0.2)	$ 14.3	
Cash flows provided by (used in) operating activities:				
Included in cash flows provided by (used in) operating activities				5.3
Film related obligations at end of period (current and non-current)				$ 1,968.6

	Three Months Ended June 30, 2023			
	Non-GAAP Adjustments to Adjusted Free Cash Flow			**Total per GAAP Balance Sheet and Statement of Cash Flows**
	Production Loans	Production Tax Credit Facility	Other Film Related Obligations	
	(Unaudited, amounts in millions)			
Film related obligations at beginning of period (current and non-current)				$ 1,940.1
Cash flows provided by (used in) financing activities:				
Borrowings	$ 335.4	$ 15.8	$ 156.5	507.7
Repayments	(314.3)	(12.7)	(13.9)	(340.9)
	$ 21.1	$ 3.1	$ 142.6	
Cash flows provided by (used in) operating activities:				
Included in cash flows provided by (used in) operating activities				3.7
Film related obligations at end of period (current and non-current)				$ 2,110.6

LIONSGATE STUDIOS CORP.

USE OF NON-GAAP FINANCIAL MEASURES

This earnings release presents the following important financial measures utilized by Lionsgate Studios Corp. (the "Company," "we," "us" or "our") that are not all financial measures defined by generally accepted accounting principles ("GAAP"). The Company uses non-GAAP financial measures, among other measures, to evaluate the operating performance of our business. These non-GAAP financial measures are in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with United States GAAP.

Adjusted OIBDA: Adjusted OIBDA is defined as operating income (loss) before adjusted depreciation and amortization ("OIBDA"), adjusted for adjusted share-based compensation ("adjusted SBC"), purchase accounting and related adjustments, restructuring and other costs, certain charges (benefits) related to the COVID-19 global pandemic, certain content charges as a result of management changes and/or changes in strategy, and unusual gains or losses (such as goodwill and intangible asset impairment), when applicable.

- Adjusted depreciation and amortization represents depreciation and amortization as presented on our combined statement of operations, less the depreciation and amortization related to the amortization of purchase accounting and related adjustments associated with recent acquisitions. Accordingly, the full impact of the purchase accounting is included in the adjustment for "purchase accounting and related adjustments", described below.
- Adjusted share-based compensation represents share-based compensation excluding the impact of the acceleration of certain vesting schedules for equity awards pursuant to certain severance arrangements, which are included in restructuring and other expenses, when applicable.
- Restructuring and other includes restructuring and severance costs, certain transaction and other costs, and certain unusual items, when applicable.
- COVID-19 related charges or benefits include incremental costs associated with the pausing and restarting of productions including paying/hiring certain cast and crew, maintaining idle facilities and equipment costs, and when applicable, certain motion picture and television impairments and development charges associated with changes in performance expectations or the feasibility of completing the project resulting from circumstances associated with the COVID-19 global pandemic, net of insurance recoveries, which are included in direct operating expense, when applicable. In addition, the costs include early or contractual marketing spends for film releases and events that have been canceled or delayed and will provide no economic benefit, which are included in distribution and marketing expense, when applicable.
- Content charges include certain charges as a result of changes in management and/or changes in content strategy, which are included in direct operating expenses, when applicable.
- Purchase accounting and related adjustments primarily represent the amortization of non-cash fair value adjustments to certain assets acquired in recent acquisitions. These adjustments include the accretion of the noncontrolling interest discount related to Pilgrim Media Group and 3 Arts Entertainment, the non-cash charge for the amortization of the recoupable portion of the purchase price and the expense associated with the noncontrolling equity interests in the distributable earnings related to 3 Arts Entertainment, all of which are accounted for as compensation and are included in general and administrative expense.

Adjusted OIBDA is calculated similar to how the Company defines segment profit and manages and evaluates its segment operations. Adjusted OIBDA is also adjusted to reflect the corporate general and administrative expenses allocated to the Studio Business and included in the historical combined or consolidated financial statements, plus amounts that were allocated to Starz prior to the separation such that the total corporate general and administrative expenses reflect the same amounts as historically presented in the Lionsgate consolidated corporate general and administrative expenses less any allocations to Starz post the separation pursuant to the shared services and overhead sharing agreement. Segment profit includes general and administrative expenses directly related to the segment and excludes corporate general and administrative expense.

Total Segment Profit: We present the sum of our Motion Picture and Television Production segment profit as our total segment profit. Total segment profit, when presented outside of the segment information and reconciliations included in our combined financial statements, is considered a non-GAAP financial measure, and should be considered in addition to, not as a substitute for, or superior to, measures of financial performance prepared in accordance with United States GAAP. We use this non-GAAP measure, among other measures, to evaluate the aggregate operating performance of our business.

The Company believes the presentation of total segment profit is relevant and useful for investors because it allows investors to view total 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 before non-operating items. Total segment profit is considered an important measure of the Company’s performance because it reflects the aggregate profit contribution from the Company's segments, and represents a measure, consistent with our segment profit, that eliminates amounts that, in management’s opinion, do not necessarily reflect the fundamental performance of the Company’s businesses, are infrequent in occurrence, and in some cases are non-cash expenses. Not all companies calculate segment profit or total segment profit in the same manner, and segment profit and total segment profit as defined by the Company may not be comparable to similarly titled measures presented by other companies due to differences in the methods of calculation and excluded items.

Adjusted Free Cash Flow: Free cash flow is typically defined as net cash flows provided by (used in) operating activities, less capital expenditures. The Company defines Adjusted Free Cash Flow as net cash flows provided by (used in) operating activities, less capital expenditures, plus or minus the net increase or decrease in production and related loans (which includes our production tax credit facility), plus or minus certain unusual or non-recurring items, such as insurance recoveries on prior shareholder litigation, proceeds from the termination of interest rate swaps.

The adjustment for the production and related loans, exclusive of our production tax credit facility, is made because the GAAP based cash flows from operations reflects a non-cash reduction of cash flows for the cost of films and television programs prior to the time the Company pays for the film or television program through the payment of the associated production or related loan which occurs at or near completion of the production, or in some cases, over the period revenues and cash receipts are being generated, as more fully described below.

The cost of producing films and television programs, which is reflected as a reduction of the GAAP based cash flows provided by (used in) operating activities, is often financed through production loans. The adjustment for production and related loans is made in order to better align the timing of the cash flows associated with producing films and television programs with the timing of the repayment of the production loans, which is consistent with how management views its production cash spend and manages the Company's cash flows and working capital needs. Borrowings on production loans offset the spend on investment in films reflected in the GAAP based cash flows provided by (used in) operating activities and thus increase the Adjusted Free Cash Flows as compared to the GAAP based cash flows provided by (used in) operating activities and subsequent payments on production loans reflect the payment for the production of the film or TV program and reduce Adjusted Free Cash Flows as compared to the GAAP based cash flows provided by (used in) operating activities.

The adjustment for the production tax credit facility is made to better reflect the timing of the cash requirements of the production, since a portion of the amounts expended initially are later refunded through the receipt of the tax credit, as more fully described below. The production tax credit facility reduces the timing difference between the payments for production cost and the receipt of the tax credit and thus reflects the cash cost of the film or television program at or near the time the film or television program is produced and completed.

Part of the cost of a film or television program is effectively funded through obtaining government incentives, however, the incentives are not received until a future period which could be a few years after the completion of the film. The tax credit facility reflects borrowings collateralized by the tax credits to be received in the future and thus by including these borrowings in Adjusted Free Cash Flow it has the effect of better aligning the receipt of the tax credits with the timing of the production and completion of the film and television programs, which is consistent with how management views its production cash spend and manages the Company's cash flows and working capital needs. Borrowings under the tax credit facility reduce the cash spend reflected in the GAAP based cash flows provided by (used in) operating activities and thus increase adjusted free cash flows and payments on the tax credit facility offset the tax credit receivable collection reflected in the GAAP based cash flows provided by (used in) operating activities and reduce adjusted free cash flows as compared to the GAAP based cash flows provided by (used in) operating activities.

The Company believes that it is more meaningful to reflect the impact of the payment for these films and television programs when the payments are made under the production loans and the receipt of the tax credit when the film is being produced in its Adjusted Free Cash Flow.

Adjusted Net Income (Loss) Attributable to Lionsgate Studios Corp. Shareholders: Adjusted net income (loss) attributable to Lionsgate Studios Corp. shareholders is defined as net income (loss) attributable to Lionsgate Studios Corp. shareholders, adjusted for share-based compensation, purchase accounting and related adjustments, restructuring and other items, insurance recoveries on prior shareholder litigation and net gains or losses on investments and other, gain or loss on extinguishment of debt, certain content charges, COVID-19 related charges (benefit), and unusual gains or losses, when applicable, as described in the Adjusted OIBDA definition, net of the tax effect of the adjustments at the applicable effective tax rate for each adjustment and net of the impact of the adjustments on noncontrolling interest.

Adjusted Basic and Diluted EPS: Adjusted basic earnings (loss) per share is defined as adjusted net income (loss) attributable to Lionsgate Studios Corp. shareholders divided by the weighted average shares outstanding. Diluted EPS is similar to basic EPS but is adjusted for the effects of securities that are diluted based on the level of adjusted net income (loss), similar to GAAP.

Overall: These measures are non-GAAP financial measures as defined in Regulation G promulgated by the SEC and are in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with United States GAAP.

We use these non-GAAP measures, among other measures, to evaluate the operating performance of our business. We believe these measures provide useful information to investors regarding our results of operations and cash flows before non-operating items. Adjusted OIBDA is considered an important measure of the Company's performance because this measure eliminates amounts that, in management's opinion, do not necessarily reflect the fundamental performance of the Company's businesses, are infrequent in occurrence, and in some cases are non-cash expenses. Adjusted Free Cash Flow is considered an important measure of the Company's liquidity because it provides information about the ability of the Company to reduce net corporate debt, make strategic investments, dividends and share repurchases. Adjusted Net Income (Loss) Attributable to Lionsgate Studios Corp. Shareholders and Adjusted EPS are considered important measures of the Company's business operations as, similar to Adjusted OIBDA, these measures eliminate amounts that, in management's opinion, do not necessarily reflect the fundamental performance of the Company's businesses.

These non-GAAP measures are commonly used in the entertainment industry and by financial analysts and others who follow the industry to measure operating performance. However, not all companies calculate these measures in the same manner and the measures as presented may not be comparable to similarly titled measures presented by other companies due to differences in the methods of calculation and excluded items.

A general limitation of these non-GAAP financial measures is that they are not prepared in accordance with U.S. generally accepted accounting principles. These measures should be reviewed in conjunction with the relevant GAAP financial measures and are not presented as alternative measures of operating income, cash flow, net income (loss), or earnings (loss) per share as determined in accordance with GAAP. Reconciliations of the adjusted metrics utilized to their corresponding GAAP metrics are provided above.