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

Form 10-Q

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

For the quarterly period ended September 30, 2024
OR

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

For the transition period from ____________ to ____________
Commission File No.: 001-42102

Lionsgate Studios Corp.
(Exact name of registrant as specified in its charter)

British Columbia, Canada	**N/A**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

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

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

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

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

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Title of Each Class	Outstanding at November 4, 2024
Common Shares, no par value per share	**288,681,224 shares**

FORWARD-LOOKING STATEMENTS

This report includes statements that are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “anticipates,” “believes,” “continue,” “could,” “estimates,” “expects,” “forecasts,” “intends,” “may,” “might,” “plans,” “possible,” “potential,” “predicts,” “projects,” “seek,” “should,” “targets,” “will,” “would” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those discussed under the section titled “Risk Factors” found in our prospectus filed with the Securities and Exchange Commission (the “SEC”) on October 28, 2024 (the "Prospectus"), which risk factors are incorporated herein by reference, as updated by any update to the risk factors found under Part II, Item 1A. "Risk Factors" herein. These risk factors should not be construed as exhaustive and should be read with the other cautionary statements and information in the Prospectus and this report.

We caution you that forward-looking statements made in this report or anywhere else are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially and adversely from those made in or suggested by the forward-looking statements contained in this report as a result of various important factors, including, but not limited to: statements about the ability of Lionsgate Entertainment Corp. (“Lionsgate”) to effectuate the separation of Lionsgate Studios Corp. and the STARZ Business of Lionsgate (the “Proposed Separation”); the benefits of the Proposed Separation; the volatility of currency exchange rates; our ability to manage growth; the effects of competition on our future business; potential disruption in our employee retention as a result of the business combination; the impact of and changes in governmental regulations or the enforcement thereof, tax laws and rates, accounting guidance and similar matters in regions in which we operates or will operate in the future; international, national or local economic, social or political conditions that could adversely affect the companies and our business; the effectiveness of our internal controls and our corporate policies and procedures; changes in personnel and availability of qualified personnel; potential write-downs, write-offs, restructuring and impairment or other charges required to be taken by us subsequent to the business combination; the volatility of the market price and liquidity of our common shares; changes in our business strategy; the substantial investment of capital required to produce and market films and television series; budget overruns; limitations imposed by our intercompany financing arrangements, 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 future bank failures and general economic uncertainty; wars, terrorism and multiple international conflicts that could cause significant economic disruption and political and social instability; labor disruption or strikes; and the other risks and uncertainties discussed under “Risk Factors” found in the Prospectus, which risk factors are incorporated herein by reference, as updated by any risk factors found under Part II, Item 1A. "Risk Factors" herein. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements, which we make in this report, speak only as of the date of such statement, and we undertake no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

This Quarterly Report on Form 10-Q may contain references to our trademarks and to trademarks belonging to other entities. Solely for convenience, trademarks and trade names referred to in this Quarterly Report on Form 10-Q, including logos, artwork and other visual displays, may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies’ trade names or trademarks to imply a relationship with, or endorsement or sponsorship of us by, any other company.

Unless otherwise indicated or the context requires, all references to the "Company," "Lionsgate Studios," "we," "us," and "our" refer to Lionsgate Studios Corp., a corporation organized under the laws of the province of British Columbia, Canada, and its direct and indirect subsidiaries.

PART I — FINANCIAL INFORMATION

Item 1. ***Financial Statements.***

LIONSGATE STUDIOS CORP.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2024	March 31, 2024
	(Amounts in millions)	
ASSETS		
Cash and cash equivalents	$ 210.8	$ 277.0
Accounts receivable, net	496.8	688.6
Due from Starz Business (Note 20)	158.5	33.4
Other current assets	328.0	373.1
Total current assets	1,194.1	1,372.1
Investment in films and television programs, net	2,344.6	1,929.0
Property and equipment, net	36.0	37.3
Investments	77.7	74.8
Intangible assets, net	23.2	25.7
Goodwill	806.5	811.2
Other assets	779.3	852.9
Total assets	$ 5,261.4	$ 5,103.0
LIABILITIES		
Accounts payable	$ 256.8	$ 246.7
Content related payables	37.0	41.4
Other accrued liabilities	178.6	282.4
Participations and residuals	590.4	647.8
Film related obligations	1,634.7	1,393.1
Debt - short term portion	443.0	860.3
Deferred revenue	366.5	170.6
Total current liabilities	3,507.0	3,642.3
Debt	1,399.4	923.0
Participations and residuals	442.6	435.1
Film related obligations	228.4	544.9
Other liabilities	430.7	452.5
Deferred revenue	172.6	118.4
Deferred tax liabilities	19.6	13.7
Total liabilities	6,200.3	6,129.9
Commitments and contingencies (Note 17)		
Redeemable noncontrolling interests	99.7	123.3
EQUITY (DEFICIT)		
Common shares, no par value, unlimited authorized, 288.7 shares issued (March 31, 2024- 253.4 shares issued)	289.7	—
Accumulated deficit	(1,451.8)	(1,249.1)
Accumulated other comprehensive income	88.6	96.7
Total Lionsgate Studios Corp shareholders' equity (deficit)	(1,073.5)	(1,152.4)
Noncontrolling interests	34.9	2.2
Total equity (deficit)	(1,038.6)	(1,150.2)
Total liabilities, redeemable noncontrolling interests and equity (deficit)	$ 5,261.4	$ 5,103.0

See accompanying notes.

LIONSGATE STUDIOS CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions, except per share amounts)			
Revenues:				
Revenue	$ 601.7	$ 599.0	$ 1,086.3	$ 1,126.5
Revenue - Starz Business (Note 20)	222.0	190.8	325.7	288.4
Total revenues	$ 823.7	$ 789.8	$ 1,412.0	$ 1,414.9
Expenses:				
Direct operating	628.2	510.5	983.8	872.5
Distribution and marketing	134.0	107.5	226.6	236.9
General and administration	84.9	87.1	177.0	175.5
Depreciation and amortization	4.2	3.8	8.8	8.0
Restructuring and other	7.2	4.9	34.9	9.0
Total expenses	858.5	713.8	1,431.1	1,301.9
Operating income (loss)	(34.8)	76.0	(19.1)	113.0
Interest expense	(63.0)	(51.7)	(121.6)	(101.6)
Interest and other income	3.3	2.9	8.4	5.1
Other expense	(13.8)	(10.0)	(15.2)	(13.7)
Loss on extinguishment of debt	(0.5)	—	(1.5)	—
Loss on investments, net	—	(1.6)	—	(1.7)
Equity interests income (loss)	(0.1)	1.8	0.8	1.5
Income (loss) before income taxes	(108.9)	17.4	(148.2)	2.6
Income tax provision	(5.1)	(3.9)	(10.1)	(10.4)
Net income (loss)	(114.0)	13.5	(158.3)	(7.8)
Less: Net loss attributable to noncontrolling interests	0.6	1.7	1.5	2.5
Net income (loss) attributable to Lionsgate Studios Corp. shareholders	$ (113.4)	$ 15.2	$ (156.8)	$ (5.3)
Per share information attributable to Lionsgate Studios Corp. shareholders:				
Basic net income (loss) per common share	$ (0.39)	$ 0.06	$ (0.56)	$ (0.02)
Diluted net income (loss) per common share	$ (0.39)	$ 0.06	$ (0.56)	$ (0.02)
Weighted average number of common shares outstanding:				
Basic	288.7	253.4	280.6	253.4
Diluted	288.7	253.4	280.6	253.4

See accompanying notes.

LIONSGATE STUDIOS CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions)			
Net income (loss)	$ (114.0)	$ 13.5	$ (158.3)	$ (7.8)
Foreign currency translation adjustments, net of tax	14.7	(2.2)	11.7	(1.3)
Net unrealized gain (loss) on cash flow hedges, net of tax	(15.2)	—	(19.8)	16.9
Comprehensive income (loss)	(114.5)	11.3	(166.4)	7.8
Less: Comprehensive loss attributable to noncontrolling interests	0.6	1.7	1.5	2.5
Comprehensive income (loss) attributable to Lionsgate Studios Corp. shareholders	$ (113.9)	$ 13.0	$ (164.9)	$ 10.3

See accompanying notes.

LIONSGATE STUDIOS CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)

	Three Months Ended						
	Common Shares						
	Number	Amount	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Lionsgate Studios Corp. Equity (Deficit)	Non-controlling Interests (a)	Total Equity (Deficit)
	(Amounts in millions)						
Balance at June 30, 2024	288.7	$ 289.3	$ (1,339.2)	$ 89.1	$ (960.8)	$ 34.8	$ (926.0)
Net loss	—	—	(113.4)	—	(113.4)	0.2	(113.2)
Net transfers to Parent	—	—	(8.8)	—	(8.8)	—	(8.8)
Noncontrolling interests	—	—	—	—	—	(0.1)	(0.1)
Redeemable noncontrolling interests adjustment to redemption value	—	—	9.6	—	9.6	—	9.6
Other comprehensive loss	—	—	—	(0.5)	(0.5)	—	(0.5)
Share-based compensation, Lionsgate contribution post Separation, net of required tax withholding	—	1.5	—	—	1.5	—	1.5
Issuance of LG Studios Common Shares upon Business Combination and PIPE Investments, net of issuance costs	—	(1.1)	—	—	(1.1)	—	(1.1)
Balance at September 30, 2024	288.7	$ 289.7	$ (1,451.8)	$ 88.6	$ (1,073.5)	$ 34.9	$ (1,038.6)
Balance at June 30, 2023	253.4	$ —	$ (1,039.5)	$ 119.3	$ (920.2)	$ 1.8	$ (918.4)
Net income	—	—	15.2	—	15.2	0.5	15.7
Net transfers from Parent	—	—	92.1	—	92.1	—	92.1
Redeemable noncontrolling interests adjustment to redemption value	—	—	(65.0)	—	(65.0)	—	(65.0)
Other comprehensive loss	—	—	—	(2.2)	(2.2)	—	(2.2)
Balance at September 30, 2023	253.4	$ —	$ (997.2)	$ 117.1	$ (880.1)	$ 2.3	$ (877.8)

(a) Excludes redeemable noncontrolling interests, which are reflected in temporary equity (see Note 10).

See accompanying notes.

LIONSGATE STUDIOS CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)

	Six Months Ended							
	Common Shares							
	Number	Amount	Accumulated Deficit	Parent Net Investment	Accumulated Other Comprehensive Income	Total Lionsgate Studios Corp. Equity (Deficit)	Non-controlling Interests (a)	Total Equity (Deficit)
	(Amounts in millions)							
Balance at March 31, 2024	—	$ —	$ —	$ (1,249.1)	$ 96.7	$ (1,152.4)	2.2	$ (1,150.2)
Retroactive application of recapitalization	253.4	—	(1,249.1)	1,249.1	—	—	—	—
Balance at March 31, 2024, after effect of recapitalization (Note 2)	253.4	—	(1,249.1)	—	96.7	(1,152.4)	2.2	(1,150.2)
Net loss	—	—	(156.8)	—	—	(156.8)	(0.2)	(157.0)
Net transfers to Parent	—	—	(55.2)	—	—	(55.2)	—	(55.2)
Noncontrolling interests (see Note 10)	—	—	—	—	—	—	32.9	32.9
Redeemable noncontrolling interests adjustment to redemption value	—	—	9.3	—	—	9.3	—	9.3
Other comprehensive loss	—	—	—	—	(8.1)	(8.1)	—	(8.1)
Share-based compensation, Lionsgate contribution post Separation, net of required tax withholding	—	8.1	—	—	—	8.1	—	8.1
Issuance of LG Studios Common Shares upon Business Combination and PIPE Investments, net of issuance costs	35.3	281.6	—	—		281.6	—	281.6
Balance at September 30, 2024	288.7	$ 289.7	$ (1,451.8)	$ —	$ 88.6	$ (1,073.5)	$ 34.9	$ (1,038.6)
Balance at March 31, 2023	—	$ —	$ —	$ (881.9)	$ 101.5	$ (780.4)	$ 1.5	$ (778.9)
Retroactive application of recapitalization	253.4	—	(881.9)	881.9	—	—	—	—
Balance at March 31, 2023, after effect of recapitalization (Note 2)	253.4	—	(881.9)	—	101.5	(780.4)	1.5	(778.9)
Net loss	—	—	(5.3)	—	—	(5.3)	0.8	(4.5)
Net transfers to Parent	—	—	(39.0)	—	—	(39.0)	—	(39.0)
Redeemable noncontrolling interests adjustment to redemption value	—	—	(71.0)	—	—	(71.0)	—	(71.0)
Other comprehensive income	—	—	—	—	15.6	15.6	—	15.6
Balance at September 30, 2023	253.4	$ —	$ (997.2)	$ —	$ 117.1	$ (880.1)	$ 2.3	$ (877.8)

(a) Excludes redeemable noncontrolling interests, which are reflected in temporary equity (see Note 10).

See accompanying notes.

LIONSGATE STUDIOS CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

		Six Months Ended September 30,
	2024	2023
	(Amounts in millions)	
Operating Activities:		
Net loss	$ (158.3)	$ (7.8)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	8.8	8.0
Amortization of films and television programs	717.9	636.7
Other impairments	18.5	—
Amortization of debt financing costs and other non-cash interest	16.6	12.9
Non-cash share-based compensation	32.5	29.5
Other amortization	29.5	19.8
Loss on extinguishment of debt	1.5	—
Equity interests (income) loss	(0.8)	(1.5)
Loss on investments, net	—	1.7
Deferred income taxes	6.1	0.4
Changes in operating assets and liabilities:		
Accounts receivable, net	287.9	134.4
Investment in films and television programs, net	(1,083.9)	(551.8)
Other assets	(9.6)	(12.8)
Accounts payable and accrued liabilities	(118.0)	(85.3)
Participations and residuals	(57.3)	36.7
Content related payables	(11.0)	(5.9)
Deferred revenue	245.0	28.8
Due from Starz Business	(125.1)	29.7
Net Cash Flows Provided By (Used In) Operating Activities	(199.7)	273.5
Investing Activities:		
Net proceeds from purchase price adjustments for eOne acquisition (see Note 3)	12.0	—
Proceeds from the sale of other investments	—	0.2
Investment in equity method investees and other	(2.0)	(11.3)
Acquisition of assets (film library and related assets)	(35.0)	—
Increase in loans receivable	—	(2.1)
Purchases of accounts receivables held for collateral	—	(85.6)
Receipts of accounts receivables held for collateral	—	94.2
Capital expenditures	(8.6)	(3.5)
Net Cash Flows Used In Investing Activities	(33.6)	(8.1)
Financing Activities:		
Debt - borrowings, net of debt issuance costs	2,537.4	1,084.5
Debt - repurchases and repayments	(2,448.8)	(1,104.1)
Film related obligations - borrowings	1,152.6	813.9
Film related obligations - repayments	(1,236.0)	(1,028.0)
Purchase of noncontrolling interest	(7.4)	(0.6)
Distributions to noncontrolling interest	(0.6)	(0.6)
Parent net investment	(94.6)	(63.2)
Tax withholding required on equity awards	(18.7)	—
Proceeds from Business Combination, net	283.1	—
Net Cash Flows Provided By (Used In) Financing Activities	167.0	(298.1)
Net Change In Cash, Cash Equivalents and Restricted Cash	(66.3)	(32.7)
Foreign Exchange Effects on Cash, Cash Equivalents and Restricted Cash	2.3	(0.4)
Cash, Cash Equivalents and Restricted Cash - Beginning Of Period	334.4	251.4
Cash, Cash Equivalents and Restricted Cash - End Of Period	$ 270.4	$ 218.3

See accompanying notes.

LIONSGATE STUDIOS CORP.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Nature of Operations

Lionsgate Studios Corp. (the "Company," "Lionsgate Studios," "we," "us," or "our") is a subsidiary of Lions Gate Entertainment Corp. ("Lionsgate" or "Parent") which encompasses the motion picture and television studio operations (collectively referred to as the "Studio Business") of Lionsgate.

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 Media Networks segment of Lionsgate and its subsidiaries (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.

Separation and Business Combination

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 United States ("U.S.") generally accepted accounting principles ("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, 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.

The Studio Business has been determined to be the accounting acquirer in the Business Combination because Lionsgate continues to hold a controlling financial interest.

As a result of the Business Combination and additional private investments in public equities ("PIPE") financing discussed in Note 2, former SEAC public shareholders and founders and new common equity financing investors own approximately 12.2% of LG Studios Common Shares. 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 received as of September 30, 2024, including $254.3 million in PIPE financing. See Note 2 for additional information related to the Business Combination. Shortly after the closing of the Business Combination, approximately $299.0 million was used by the Company to pay down the Intercompany Note, see Note 7.

Basis of Presentation

Upon the effective date of the Separation, the Company's financial statements are presented on a consolidated basis, as Lionsgate completed the contribution of the Studio Business on such date. The unaudited financial statements for all periods presented, including the historical results of the Company prior to the Separation, are now referred to as the "condensed consolidated financial statements".

For periods prior to the Separation, the Company operated as a segment of Lionsgate and not as a separate entity. The Company's financial statements prior to the Separation were prepared on a carve-out basis and were derived from Lionsgate's consolidated financial statements and accounting records and reflect Studio Business's combined historical financial position, results of operations and cash flows as they were historically managed in accordance with U.S. GAAP. Prior to the Separation, a management approach was applied to determine the carve-out basis of presentation. 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.

For periods subsequent to the Separation, the accompanying unaudited condensed consolidated financial statements include the accounts of Lionsgate Studios and all of its majority-owned and controlled subsidiaries.

The unaudited condensed consolidated financial statements have been prepared in accordance with U.S.GAAP for interim financial information and the instructions to quarterly report on Form 10-Q under the Securities Exchange Act of 1934, as amended, and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of the Company's management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been reflected in these unaudited condensed consolidated financial statements. Operating results for the three and six months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2025. The balance sheet at March 31, 2024 has been derived from the audited combined financial statements at that date, but does not include all the information and footnotes required by U.S. GAAP for complete financial statements. The accompanying unaudited condensed consolidated financial statements should be read together with the Studio Business' audited combined financial statements and related notes for the fiscal year ended March 31, 2024 as contained in Exhibit 99.1 of Amendment No. 2 to the Current Report on Form 8-K filed on October 15, 2024 with the U.S. Securities and Exchange Commission ("SEC").

Certain amounts presented in prior periods have been reclassified to conform to the current period presentation.

All revenues and costs as well as assets and liabilities directly associated with the business activity of the Studio Business were included in the accompanying unaudited condensed consolidated financial statements. Revenues and costs associated with the Studio Business were 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, prior to the separation, the Studio Business costs included an allocation of corporate general and administrative expense (inclusive of share-based compensation) which was 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 were generally specifically identifiable as costs of the Studio Business in the accounting records of Lionsgate and were included in the accompanying unaudited condensed consolidated financial statements in periods prior to the Separation.

In connection with the Business Combination, on May 9, 2024, Lionsgate and StudioCo entered into a shared services and overhead sharing agreement (the "Shared Services Agreement") which took effect upon the closing of the Business Combination. The Shared Services Agreement facilitates the allocation to the Company of all corporate general and administrative expenses of Lionsgate, except for an amount of $10.0 million to be allocated annually to the Starz Business of Lionsgate. The $10.0 million allocation of Lionsgate's corporate general and administrative expenses to the Starz Business pursuant to the Shared Services Agreement is designed to reflect the portion of corporate expenses expended and reflective of the level of effort and costs incurred related to management oversight and services provided for the Starz Business post Separation with consideration of the anticipated separation of the Starz Business.

The corporate general and administrative expenses that are allocated to the Company pursuant to the Shared Services Agreement include 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. In addition, the Separation Agreement and the Shared Services Agreement provide that officers, employees and directors of the Company will continue to receive awards of equity and equity-based compensation pursuant to the existing plans of Lionsgate. Such awards will be treated as a capital contribution by Lionsgate to the Company, with the associated stock based compensation expense for such awards allocated to the Company, see Note 13.

For periods prior to the Separation, the unaudited condensed combined financial statements of the Studio Business included allocations of corporate general and administrative expenses (inclusive of share-based compensation) from Lionsgate related to the corporate and shared service functions historically provided by Lionsgate. These expenses were 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.

Management believes the assumptions underlying these unaudited condensed consolidated financial statements, including the assumptions regarding the allocation of general and administrative expenses from Lionsgate to the Studio Business prior to the Separation, are reasonable. See Note 20 for further detail of the allocations included in the unaudited condensed consolidated financial statements.

In connection with the Business Combination, the Company entered into certain intercompany note arrangements, which mirrored the terms and amounts outstanding under Lionsgate's credit facilities as previously reflected in the historical financial statements of the Studio Business prior to the Separation, see Note 7.

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 unaudited condensed consolidated financial statements for periods prior to the Separation on a carve-out basis; fair value of assets and liabilities for allocation of the purchase price of companies and assets 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.

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 consolidated 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 by jurisdiction 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 consolidated financial statements and disclosures.

Income Statement: In November 2024, the FASB issued guidance requiring public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. This guidance is effective for fiscal years beginning after December 15, 2026, and therefore will be effective beginning with the Company's financial statements issued for the fiscal year ending March 31, 2028 and interim reporting periods beginning in fiscal 2029, with early adoption permitted. The disclosures required under the guidance can be applied either prospectively to financial statements issued for reporting periods after the effective date or retrospectively to any or all periods presented in the financial statements. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements and disclosures.

2. Business Combination

As discussed in Note 1, on May 13, 2024 (the "Closing Date") the Company consummated the transactions contemplated by the Business Combination (the "Closing").

The following table presents the number of LG Studios Common Shares issued in connection with the Closing:

	Number of LG Studios Common Shares Issued
Shares issued to SEAC public shareholders(1)	7,027,873
Shares issued to SEAC Sponsor and its permitted transferees(2)	2,010,000
Shares issued to PIPE Investors(3)	25,759,430
Additional shares issued (4)	448,127
Total shares issued in Business Combination and related transactions	35,245,430
Shares issued to Lionsgate (5)	253,435,794
Total Lionsgate Studios Common Shares following the Closing of the Business Combination	288,681,224

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(1) Reflects 7,027,873 LG Studios Common Shares issued to holders of Class A ordinary shares of SEAC (the "SEAC Class A Ordinary Shares") which were subject to possible redemption. This reflects the 75,000,000 SEAC Class A Ordinary Shares outstanding as of March 31, 2024, net of 67,972,127 SEAC Class A Ordinary Shares which were redeemed prior to the Closing for $730.1 million in aggregate at a weighted average redemption price of $10.745 per share.

(2) Reflects 2,010,000 LG Studios Common Shares issued to Eagle Equity Partners V, LLC (the "SEAC Sponsor") and its permitted transferees in connection with their SEAC Class A Ordinary Shares held after the conversion of their Class B ordinary shares of SEAC (the "SEAC Class B Ordinary Shares") and repurchase of 16,740,000 SEAC Class B Ordinary Shares pursuant to the Sponsor Securities Repurchase, as described below, prior to the Business Combination. The number of LG Studios Common Shares issued excludes options issued in the Sponsor Securities Repurchase described below, for the purchase of 2,200,000 LG Studios Common Shares subject to certain vesting restrictions pursuant to the Sponsor Option Agreement described below.

(3) Reflects 14,141,559 LG Studios Common Shares issued at a purchase price of $9.63 per share and 11,617,871 LG Studios Common Shares issued at a purchase price of $10.165 per share, to certain institutional and accredited investors (the "PIPE Investors") pursuant to subscription agreements as described below. Amounts exclude 1,953,976 PIPE Shares for which Reduction Rights as described below were exercised.

(4) Reflects 254,200 LG Studios Common Shares issued pursuant to share purchase and/or non-redemption agreements (the "Non-Redemption Agreements") SEAC and New SEAC entered into with certain investors prior to the Business Combination and 193,927 LG Studios Common Shares issued to certain PIPE Investors for which Reduction Rights, as described below, were exercised.

(5) Reflects 253,435,794 LG Studios Common Shares issued to Lionsgate through a series of transactions, including an amalgamation of StudioCo and New SEAC, as consideration for the cancellation and exchange of each then issued and outstanding common share, without par value, of StudioCo. Under the recapitalization accounting, these shares are reflected as issued and outstanding as of the beginning of the earliest period presented in the unaudited condensed consolidated statements of equity (deficit).

The following table presents and reconciles elements of the Business Combination and related transactions to the consolidated statement of cash flows and the consolidated statement of equity (deficit) for the six months ended September 30, 2024 (amounts in millions):

Gross cash proceeds from SEAC trust account, net of redemptions (1)	$	75.7
Gross cash proceeds from PIPE Investment, net of Reduction Rights exercised(2)		254.3
Total gross cash proceeds		330.0
Less: SEAC warrant exchange payment (3)		(12.5)
Less: SEAC transaction costs		(20.1)
Less: Lionsgate Studios transaction costs		(15.8)
Net proceeds from the Business Combination and related equity issuances per the condensed consolidated statement of equity (deficit)		281.6
Add: Transaction costs accrued and not paid, net of transaction costs previously paid		1.5
Net cash proceeds from the Business Combination and related equity issuances per the condensed consolidated statement of cash flows	$	283.1

(1) Reflects the remaining $75.7 million in SEAC's trust account, established at the consummation of SEAC's initial public offering, after redemptions. As described above, 7,027,873 LG Studios Common Shares were issued to holders of SEAC Class A Ordinary Shares which were subject to possible redemption and not redeemed prior to the Closing.

(2) Reflects the gross proceeds from the issuance of 25,759,430 LG Studios Common Shares to PIPE Investors, net of Reduction Rights exercised.

(3) Prior to the Closing, each of the then issued and outstanding whole warrants of SEAC, sold as part of SEAC's initial public offering (the "SEAC Public Warrants") was automatically exchanged for $0.50 in cash pursuant to the terms of an amendment to the agreement governing the SEAC Public Warrants. As of the Closing, no SEAC Public Warrants were outstanding.

PIPE Investment

Concurrently with the execution of the Business Combination Agreement, SEAC, New SEAC and Lionsgate entered into subscription agreements with PIPE Investors (the "Initial Subscription Agreements") pursuant to which PIPE Investors agreed to purchase from the Company an aggregate of 18,172,378 LG Studios Common Shares (the "Initial PIPE Shares"), at a purchase price of $9.63 per share, immediately following the Closing.

Pursuant to the Initial Subscription Agreements, certain PIPE Investors elected to offset their commitment under their Initial Subscription Agreement (the "Reduction Right") with respect to 1,953,976 PIPE Shares, which reduced the Initial PIPE Shares to 16,218,402 shares. PIPE Investors that exercised Reduction Rights were entitled to purchase from SEAC a fractional share of newly issued SEAC Class A Ordinary Shares at a nominal purchase price for every SEAC Class A Ordinary Share for which it exercised its Reduction Right, and resulted in 193,927 newly issued SEAC Class A Ordinary Shares being issued, which ultimately resulted in 193,927 LG Studios Common Shares as reflected in the table above.

Prior to the close of the Business Combination, SEAC, New SEAC and Lionsgate entered into additional subscription agreements with additional PIPE Investors pursuant to which such PIPE Investors agreed to purchase from the Company an aggregate of 11,617,871 LG Studios Common Shares at a purchase price of $10.165 per share, immediately following the Closing.

The aggregate gross proceeds from the PIPE Investment received at the Closing was $254.3 million, which amount excludes an aggregate of approximately $20.0 million that remains due from a PIPE Investor that subscribed for 2,076,843 LG Studios Common Shares pursuant to the Initial Subscription Agreements and which shares, as of September 30, 2024, are pending issuance subject to receipt of such amount.

Sponsor Option; Lions Gate Parent Issuance and Sponsor Issuance

In connection with the Business Combination, SEAC repurchased 16,740,000 of the SEAC Class B Ordinary Shares, representing the SEAC Class B Ordinary Shares in excess of 1,800,000 held by SEAC Sponsor (the "Sponsor Securities Repurchase"), in exchange for an aggregate of $1.00 and 2,200,000 options of SEAC (the "SEAC Sponsor Options") each of which entitled SEAC Sponsor to purchase one SEAC Class A Ordinary Share at $0.0001 per share, (the "Sponsor Option Agreement"). In connection with the Business Combination, the SEAC Sponsor Options ultimately became options to purchase LG Studios Common Shares pursuant to the terms of the Sponsor Option Agreement, see Note 13. After the repurchase of the SEAC Class B Ordinary Shares, there were 2,010,000 SEAC Class B Ordinary Shares outstanding (consisting of the 1,800,000 and 210,000 of SEAC Class B Ordinary Shares held by the SEAC Sponsor and the independent directors and advisors, respectively) which automatically converted into SEAC Class A Ordinary Shares and were exchanged for 2,010,000 LG Studios Common Shares as reflected in the table above.

Non-Redemption Agreements

In connection with the Business Combination, SEAC and New SEAC entered into non-redemption agreements with certain investors (the "Non-Redemption Investors"), pursuant to which Non-Redemption Investors who met the terms and conditions set forth in the non-redemption agreement were entitled to purchase from SEAC a fractional share of newly issued SEAC Class A Ordinary Shares at a nominal purchase price for every Purchase Commitment Share, as defined in the non-redemption agreement, purchased. As a result, 254,200 newly issued SEAC Class A Ordinary Shares were issued to the Non-Redemption Investors, ultimately 254,200 LG Studios Common Shares as reflected in the table above.

Intercompany Note Repayment

Following the close of the Business Combination, the Company transferred the aggregate transaction proceeds less the SEAC warrant exchange payment and SEAC transaction expenses, in cash to Lionsgate in partial repayment of the Intercompany Note, see Note 7.

3. Acquisitions

Acquired Library

On June 5, 2024, the Company invested approximately $35.0 million for a 51% members' interest in a newly formed limited liability company, CP LG Library Holdings, LLC ("CP LG"), with the Company designated as the managing member of CP LG. CP LG used the funds received from the Company, along with funds invested by the 49% member, to acquire a library of 46 films for approximately $68.6 million. Also on June 5, 2024, the Company entered into a distribution agreement with CP LG to distribute the titles in the acquired library. The purchase included the film library (of which $48.3 million of the purchase price was allocated to investment in film and television programs for the film library), accounts receivable and certain liabilities associated with the film library, most notably participations and residuals liabilities.

The Company determined that CP LG is a variable interest entity ("VIE") for which it is the primary beneficiary and is consolidated under the applicable accounting guidance as the Company has the power to direct the significant activities and the right to receive benefits and obligation to absorb losses of CP LG. The Company concluded that the acquired library and related assets and liabilities was not a business and therefore, accounted for the acquisition as an initial consolidation of a VIE that is not a business under the applicable accounting guidance. There was no gain or loss recognized upon initial consolidation of the VIE as the sum of the fair value of the consideration paid and noncontrolling interest equaled the fair value of the net assets on the acquisition date. See Note 10 for the noncontrolling interest recorded related to CP LG.

As of September 30, 2024, the unaudited condensed consolidated balance sheet included assets and liabilities of CP LG totaling $85.1 million (which is primarily comprised of investment in film and television programs) and $16.6 million, respectively. The assets and liabilities of CP LG primarily consist of accounts receivable, investment in film and television programs, and participations and residuals.

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 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 initially approximately $385.1 million and subsequently adjusted to $373.1 million upon the settlement of certain working capital items pursuant to the Purchase Agreement. The final purchase price is subject to further adjustment based on the settlement of certain amounts held back pursuant to the Purchase Agreement. 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 consolidated results from December 27, 2023.

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, accounts receivable, 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 September 30, 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 (including measurement period adjustments recorded through September 30, 2024, see Note 6), and a reconciliation to total consideration transferred is presented in the table below:

		(Amounts in millions)
Cash and cash equivalents	$	54.1
Accounts receivable		294.2
Investment in films and television programs		370.2
Property and equipment		14.0
Intangible assets		4.0
Other assets[1]		171.1
Accounts payable and accrued liabilities		(67.7)
Content related payable		(38.8)
Participations and residuals[1]		(202.4)
Film related obligations[1]		(105.8)
Other liabilities and deferred revenue [1]		(130.7)
Preliminary fair value of net assets acquired		362.2
Goodwill		10.9
Preliminary purchase price consideration at September 30, 2024	$	373.1

(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 consolidated 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, 2023. The unaudited pro forma condensed consolidated 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, 2023, nor is it indicative of future results. The statement of operations information below includes the statement of operations of eOne for the three and six months ended September 30, 2023 combined with the Company's statement of operations for the three and six months ended September 30, 2023, respectively.

	Three Months Ended September 30,	Six Months Ended September 30,
	2023	2023
	(Amounts in millions)	
Revenues	$ 900.2	$ 1,667.6
Net income (loss) attributable to Lionsgate Studios Corp.	31.7	(279.4)

The unaudited pro forma condensed consolidated 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 consolidated statement of operations information does not include adjustments related to integration activities, operating efficiencies or cost savings. In addition, the unaudited pro forma condensed consolidated financial information for the six months ended September 30, 2023 includes an impairment of goodwill and trade name of $296.2 million which was reflected in the statement of operations of eOne for the six months ended September 30, 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.

4. 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:

	September 30, 2024	March 31, 2024
	(Amounts in millions)	
Investment in Films and Television Programs:		
Released, net of accumulated amortization	$ 1,051.8	$ 992.2
Completed and not released	115.8	225.4
In progress	1,097.9	644.4
In development	79.1	67.0
Investment in films and television programs, net	$ 2,344.6	$ 1,929.0

At September 30, 2024, acquired film and television libraries have remaining unamortized costs of $258.3 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 13.6 years (March 31, 2024 - unamortized costs of $223.1 million).

Amortization of investment in film and television programs was $487.4 million and $717.9 million for the three and six months ended September 30, 2024, respectively, and was included in direct operating expense in the unaudited condensed consolidated statements of operations (three and six months ended September 30, 2023 - $382.6 million and $636.7 million, respectively).

Impairments. Investment in films and television programs includes write-downs to fair value, which are included in direct operating expense on the unaudited condensed consolidated statements of operations, and represented the following amounts by segment for the three and six months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions)			
Impairments by segment:				
Included in direct operating expense[(1)]:				
Motion Picture	$ 18.3	$ 26.8	$ 18.5	$ 27.0
Television Production	—	5.4	—	5.4
Impairments not included in segment operating results				
Included in restructuring and other	(0.5)	—	(0.5)	—
	$ 17.8	$ 32.2	$ 18.0	$ 32.4

(1) Impairments included in direct operating expense are included in the amortization expense amounts disclosed above.

5. Investments

The Company's investments consisted of the following:

	September 30, 2024	March 31, 2024
	(Amounts in millions)	
Investments in equity method investees	$ 71.3	$ 68.4
Other investments	6.4	6.4
	$ 77.7	$ 74.8

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.

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.

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

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, 2024	$ 398.6	$ 412.6	$ 811.2
Measurement period adjustments(1)	(2.2)	(2.5)	(4.7)
Balance as of September 30, 2024	$ 396.4	$ 410.1	$ 806.5

(1) Measurement period adjustments for the acquisition of eOne reflect a decrease to goodwill of $4.7 million resulting from an adjustment to the purchase price related to a settlement of certain working capital items of $12.0 million partially offset by a net decrease in the estimated fair value of the net assets acquired. The decrease in the estimated fair value of the net assets acquired consisted of a net decrease to accounts receivable of $4.6 million, a net decrease in investment in films and television programs of $1.6 million, net increases to content related payables of $3.4 million, participations and residuals of $0.4 million, and accrued and other liabilities of $0.2 million, partially offset by a net increase to other assets of $2.9 million.

7. Debt

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

	September 30, 2024	March 31, 2024
	(Amounts in millions)	
Intercompany Revolver	$ 80.4	$ —
Intercompany Note:		
LGTV Revolver (1)	421.5	575.0
LGTV Term Loan A(1)	314.4	399.3
LGTV Term Loan B(1)	250.0	819.2
eOne IP Credit Facility	340.0	—
LG IP Credit Facility	455.0	—
Total corporate debt	1,861.3	1,793.5
Unamortized debt issuance costs	(18.9)	(10.2)
Total debt, net	1,842.4	1,783.3
Less current portion	(443.0)	(860.3)
Non-current portion of debt	$ 1,399.4	$ 923.0

(1) As of March 31, 2024, amounts reflect the balances outstanding under Lionsgate’s Credit Agreement (including the revolving credit facility, term loan A and term loan B, together referred to as the “Lionsgate Senior Credit Facilities”) prior to the Company’s entry into the Intercompany Note with LGCH described below.

Intercompany Note and Intercompany Revolver

Intercompany Revolver. In connection with the Separation and Business Combination, on May 13, 2024, LGAC International LLC, a Delaware limited liability company and wholly owned consolidated subsidiary of the Company ("LGAC International") and Lions Gate Capital Holdings 1, Inc., a Delaware corporation and subsidiary of Lionsgate ("LGCH1"), which is not a consolidated subsidiary of Lionsgate Studios, entered into a revolving credit agreement (the "Intercompany Revolver"), pursuant to which LGAC International and LGCH1 agreed to make revolving loans to each other from time to time, provided that the net amount owing by one party to the other at any particular time may not exceed $150.0 million. Amounts advanced by one party will be used to repay existing indebtedness owing to the other party thereunder, if any, such that at no time will amounts be owing in both directions. The net amount owing under the Intercompany Revolver, at any time, shall bear interest on the outstanding principal amount at a rate equal to adjusted term SOFR plus 1.75%. The Intercompany Revolver will, among other things, terminate in connection with a full separation of the Studio and Starz Businesses.

Intercompany Note. In connection with the Separation and Business Combination, on May 8, 2024, Lions Gate Capital Holdings LLC, a Delaware limited liability company and subsidiary of Lionsgate ("LGCH"), which is not a consolidated subsidiary of Lionsgate Studios, as lender, entered into an intercompany note and assumption agreement (the "Intercompany Note") with Lions Gate Television Inc., a Delaware corporation and wholly owned consolidated subsidiary of the Company ("LGTV"), as borrower and assuming party.

Pursuant to the Intercompany Note, LGTV is able to borrow up to $1.1 billion from LGCH on a revolving basis (the "LGTV Revolver"). LGTV also assumed balances of $399.3 million in term A loans ("LGTV Term Loan A") and $819.2 million in term B loans ("LGTV Term Loan B" and together with the LGTV Revolver and the LGTV Term Loan A, the "LGTV Loans"). Assumed balances of the LGTV Term Loan A and LGTV Term Loan B reflected the outstanding balances of Lionsgate's term loan A and term loan B under the credit and guarantee agreement dated December 8, 2016, as amended (the "Lionsgate Credit Agreement"). The terms of the Intercompany Note provide that the outstanding obligations and debt service requirements (principal and interest payments) of the Company remain substantially similar to the amounts and terms reflected in historical periods prior to the Separation.

LGTV Revolver Availability of Funds & Commitment Fee. The Company's borrowing capacity under the LGTV Revolver is $1.1 billion, and as of September 30, 2024 there was $678.5 million available thereunder. LGTV is required to pay a quarterly commitment fee on the revolving credit facility of 0.250% to 0.375% per annum, depending on Lionsgate's achievement of certain leverage ratios, as defined in the Lionsgate Credit Agreement.

Maturity Date:

- *LGTV Revolver & LGTV Term Loan A:* April 6, 2026.
- *LGTV Term Loan B:* March 24, 2025.

Interest:

- *LGTV Revolver & LGTV Term Loan A:* The LGTV Revolver and LGTV 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%), with a SOFR floor of zero. The margin is subject to potential increases of up to 50 basis points (two increases of 25 basis points each) upon certain increases to net first lien leverage ratios, as defined in the Lionsgate Credit Agreement (effective interest rate of 6.70% as of September 30, 2024, before the impact of interest rate swaps, see Note 18 for interest rate swaps).
- *LGTV Term Loan B:* The LGTV 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 7.20% as of September 30, 2024, before the impact of interest rate swaps).

Required Principal Payments:

- *LGTV Term Loan A:* Principal payments are required in an amount equal to LGTV's pro rata share (as determined by LGCH in its reasonable discretion) of the principal payments due and payable under the Lionsgate Credit Agreement. The Lionsgate Credit Agreement requires quarterly principal payments, at quarterly rates of 1.75% and increasing to 2.50% beginning September 30, 2024 through March 31, 2026, with the balance payable at maturity.
- *LGTV Term Loan B:* Principal payments are required in an amount equal to LGTV's pro rata share (as determined by LGCH in its reasonable discretion) of the principal payments due and payable under the Lionsgate Credit Agreement. The Lionsgate Credit Agreement requires quarterly principal payments, at a quarterly rate of 0.25%, with the balance payable at maturity.

The LGTV Term Loan A and LGTV Term Loan B also require mandatory prepayments in the event LGCH is required to make a mandatory repayment pursuant to the terms of the Lionsgate Credit Agreement. The Lionsgate Credit Agreement requires repayment in connection with certain asset sales, subject to certain significant exceptions. The

LGTV Term Loan B is subject to additional mandatory repayment of its pro rata share (as determined by LGCH) from specified percentages of excess cash flow, as defined in the Lionsgate Credit Agreement.

Optional Prepayment:

- *LGTV Revolver LGTV Term Loan A & LGTV Term Loan B:* The Company may voluntarily prepay the LGTV Loans at any time without premium or penalty.

Guarantee and Security Matters. The Company and certain of its subsidiaries continue to be guarantors under the Lionsgate Senior Credit Facilities. The Lionsgate Senior Credit Facilities 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. The Intercompany Note and the Intercompany Revolver are not secured obligations of the obligors thereunder. In the event the Company and its subsidiaries that are Guarantors cease to be Guarantors under the Lionsgate Senior Credit Facilities, LGCH has the right to cause the Company and such subsidiaries to take actions to become guarantors under the Intercompany Note and provide security over property or assets previously pledged under the Lionsgate Senior Credit Facilities.

Covenants. The Intercompany Note contains representations and warranties, events of default and affirmative and negative covenants that are customary for similar financings. In addition, the Intercompany Note requires the Company observe and perform each of the covenants set forth in the Lionsgate Credit Agreement 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 Lionsgate Credit Agreement and are tested quarterly by Lionsgate. These covenants and ratios are applicable to and computed for the applicable entities pursuant to the Lionsgate Credit Agreement, which includes Lionsgate subsidiaries which are not part of the Company. As of September 30, 2024, the Company and Lionsgate were in compliance with all applicable covenants.

Sale Transaction or Change of Control. LGTV is required to prepay the LGTV Loans immediately prior to or simultaneously with the closing of any Sale Transaction or Change of Control, as defined in the Intercompany Note.

eOne IP Credit Facility

In July 2024, certain subsidiaries of the Company entered into a senior secured amortizing term credit facility (the "eOne IP Credit Facility") based on and secured by the Company's intellectual property rights primarily associated with certain titles acquired as part of the eOne acquisition. The maximum principal amount of the eOne IP Credit Facility is $340.0 million, subject to the amount of collateral available, which is based on the valuation of unsold rights from the libraries. The eOne IP Credit Facility is subject to quarterly required principal payments of $8.5 million, beginning November 14, 2024, with the balance payable at maturity. Advances under the eOne IP Credit Facility bear interest at a rate equal to Term SOFR plus 2.25% per annum (effective interest rate of 7.10% as of September 30, 2024, before the impact of interest rate swaps, see Note 18 for interest rate swaps). The eOne IP Credit Facility matures on July 3, 2029.

LG IP Credit Facility

In September 2024, certain subsidiaries of the Company entered into a senior secured amortizing term credit facility (the "LG IP Credit Facility") based on and secured by the Company's intellectual property rights primarily associated with certain titles. The maximum principal amount of the LG IP Credit Facility is $455.0 million, subject to the amount of collateral available, which is based on the valuation of unsold rights from the libraries. The LG IP Credit Facility is subject to quarterly required principal payments of $11.375 million, beginning February 14, 2025, with the balance payable at maturity. Advances under the LG IP Credit Facility bear interest at a rate equal to Term SOFR plus 2.25% per annum (effective interest rate of 7.10% as of September 30, 2024, before the impact of interest rate swaps, see Note 19 for interest rate swaps). The LG IP Credit Facility matures on September 30, 2029. See Note 21 - Subsequent Events for the November 2024 increase in maximum principal amount of the LG IP Credit Facility and subsequent borrowings.

Lionsgate Exchange Notes and Existing Notes:

On May 8, 2024, LGCH1, an indirect, wholly-owned subsidiary of Lionsgate, which is not a consolidated subsidiary of Lionsgate Studios, issued $389.9 million aggregate principal amount of 5.5% senior notes due 2029 (the “Exchange Notes”) in exchange for an equivalent amount of Lionsgate’s existing 5.5% senior notes due 2029 (the “Existing Notes”). The Exchange Notes initially bear interest at 5.5% annually and mature April 15, 2029, with the interest rate increasing to 6.0% and the maturity date extending to April 15, 2030 effective upon Lionsgate’s completion of the separation of the Starz Business from the Studio Business. Lionsgate may redeem the Exchange 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 governing the Exchange Notes, at certain specified redemption prices set forth in the indenture governing the Exchange Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

The Exchange Notes and Existing Notes and related interest expense are not reflected in the Company’s unaudited condensed consolidated financial statements. The Company and certain of its subsidiaries are guarantors under the Exchange Notes and the Existing Notes. Upon completion of the separation of the Starz Business from the Studio Business, the Exchange Notes will become obligations of the Company and will be reflected in the Company’s financial statements at that time.

The outstanding principal balance of the Exchange Notes and Existing Notes totaled $715.0 million at September 30, 2024 and March 31, 2024.

As of September 30, 2024, Lionsgate was in compliance with all applicable covenants with respect to the Exchange Notes and the Existing Notes.

Other Debt Transactions

LGTV Term Loan A and LGTV Term Loan B Prepayment. In May 2024, the Company used the proceeds from the Business Combination to prepay $84.9 million principal amount of the LGTV Term Loan A and $214.1 million of the LGTV Term Loan B, together with accrued and unpaid interest thereon.

In September 2024, the Company used the proceeds from the LG IP Credit Facility to prepay $355.1 million principal amount of the LGTV Term Loan B, together with accrued and unpaid interest thereon.

See Note 21 - Subsequent Events for the November 2024 repayment in full of the remaining principal amount of the LGTV Term Loan B.

Loss on Extinguishment of Debt

During the three and six months ended September 30, 2024 and 2023, the Company recorded a loss on extinguishment of debt related to the transactions described above as summarized in the table below.

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions)			
Loss on Extinguishment of Debt:				
Term Loan A and Term Loan B repayment[1]	$ (0.5)	$ —	$ (1.5)	$ —

(1) See *LGTV Term Loan A and LGTV Term Loan B Prepayment* above.

8. Film Related Obligations

	September 30, 2024	March 31, 2024
	(Amounts in millions)	
Film related obligations:		
Production Loans	$ 1,244.8	$ 1,292.2
Production Tax Credit Facility	260.0	260.0
Backlog Facility and Other	273.2	287.3
Film Library Facility	94.2	109.9
Total film related obligations	1,872.2	1,949.4
Unamortized issuance costs	(9.1)	(11.4)
Total film related obligations, net	1,863.1	1,938.0
Less current portion	(1,634.7)	(1,393.1)
Total non-current film related obligations	$ 228.4	$ 544.9

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 5.94% (before the impact of interest rate swaps, see Note 18 for interest rate swaps). Production loans amounting to $1,039.1 million are secured by collateral which consists of the underlying rights related to the intellectual property (i.e. film or television show), and $205.7 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 September 30, 2024, tax credit receivables amounting to $344.2 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 6.45% at September 30, 2024). The Production Tax Credit Facility matures on January 27, 2025. As of September 30, 2024, there were no amounts available under the Production Tax Credit Facility.

Film Library Facility. In July 2021, as amended in September 2022, certain subsidiaries of the Company entered into a senior secured amortizing term credit facility (the "Film Library 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 Film Library 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 Film Library Facility subject to cumulative minimum guaranteed payment amounts as set forth below:

Cumulative Period From September 29, 2022 Through:	Cumulative Minimum Guaranteed Payment Amounts	Payment Due Date
	(in millions)	
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 Film Library 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 7.17% at September 30, 2024). The Film Library 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 6.10% at September 30, 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 two years, 90 days after the revolving period ends, currently August 14, 2027. As of September 30, 2024, there was $160.2 million outstanding under the Backlog Facility, and there were no amounts available under the Backlog Facility (March 31, 2024 - $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 September 30, 2024, there was $113.0 million outstanding (March 31, 2024 - $112.3 million outstanding,) under the "other" loans, incurring SOFR-based interest at a weighted average rate of 6.18%, of which $55.1 million has a contractual repayment date in July 2025 and $57.9 million has a contractual repayment date in April 2027. As of September 30, 2024, accounts receivable amounting to $72.7 million and contracted receivables not yet reflected as accounts receivable on the balance sheet at September 30, 2024 amounting to $65.6 million represented collateral related to the "other" loans.

Lionsgate Film Related Obligations

The Company is a guarantor under certain film related obligations of the Starz Business of Lionsgate with an outstanding principal balance of $67.9 million and nil at September 30, 2024 and March 31, 2024, respectively, with maturity dates in November 2024.

9. 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 September 30, 2024 and March 31, 2024:

	September 30, 2024			March 31, 2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	(Amounts in millions)					
Assets:						
Interest rate swaps (see Note 18)	$ —	$ 12.2	$ 12.2	$ —	$ 35.6	$ 35.6
Liabilities:						
Forward exchange contracts (see Note 18)	—	(0.6)	(0.6)	—	(2.8)	(2.8)
Interest rate swaps (see Note 18)	—	(1.7)	(1.7)	—	—	—

The following table sets forth the carrying values and fair values of the Company's outstanding debt and film related obligations at September 30, 2024 and March 31, 2024:

	September 30, 2024		March 31, 2024	
	(Amounts in millions)			
	Carrying Value	Fair Value[(1)]	Carrying Value	Fair Value[(1)]
		(Level 2)		(Level 2)
Intercompany Revolver	$ 80.4	$ 80.4	$ —	$ —
LGTV Revolver	417.6	421.5	569.9	575.0
LGTV Term Loan A	312.9	312.9	396.6	397.3
LGTV Term Loan B	249.7	249.7	816.9	818.1
eOne IP Credit Facility	334.0	340.0	—	—
LG IP Credit Facility	447.9	455.0	—	—
Production Loans	1,239.4	1,244.8	1,286.2	1,292.2
Production Tax Credit Facility	259.6	260.0	258.7	260.0
Backlog Facility and Other	271.9	273.2	285.4	287.3
Film Library Facility	92.3	94.2	107.6	109.9

(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 Lionsgate's revolving credit facility prior to the Separation, if any. The carrying values of these financial instruments approximated the fair values at September 30, 2024 and March 31, 2024.

10. Noncontrolling Interests

Redeemable Noncontrolling Interests

Redeemable noncontrolling interests (included in temporary equity on the consolidated 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 retained earnings or accumulated deficit.

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

	Six Months Ended September 30,	
	2024	2023
	(Amounts in millions)	
Beginning balance	$ 123.3	$ 343.6
Net loss attributable to redeemable noncontrolling interests	(1.3)	(3.3)
Adjustments to redemption value	0.6	71.0
Cash distributions	0.5	(0.6)
Purchase of noncontrolling interest	(23.4)	(0.6)
Ending balance	$ 99.7	$ 410.1

3 Arts Entertainment. During the fourth quarter of the year ended March 31, 2024 (in January 2024), the Company 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, the Company purchased certain profit interests held by certain managers and entered into certain option rights agreements, which replaced the put and call rights under the previous arrangement by providing noncontrolling interest holders the right to sell to the Company and the Company the right to purchase their remaining (24%) interest beginning in January 2027.

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, during the fourth quarter of fiscal 2024, approximately $93.2 million was reclassified from mezzanine equity to a liability, and is reflected in "other liabilities - non-current" in the consolidated balance sheet at March 31, 2024 and September 30, 2024.

The redeemable noncontrolling interest balance related to 3 Arts Entertainment reflects the fully vested equity portion of the noncontrolling interest, which remains classified as redeemable noncontrolling interest outside of shareholders' equity on the Company's consolidated 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 is being adjusted to its redemption value through accumulated deficit through the sale or purchase right date in January 2027. Subsequent to the January 2024 transactions noted above, changes in the carrying value of the redeemable noncontrolling interest are reflected in the calculation of basic and diluted net income or loss per common share attributable to Lionsgate Studios Corp. shareholders, if dilutive, or to the extent the adjustments represent recoveries of amounts previously reflected in the computation of basic and diluted net income or loss per common share attributable to Lionsgate Studios Corp. shareholders (see Note 12).

The liability component of the noncontrolling interest is 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 consolidated statements 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 to the holders based on performance, and are being expensed within general and administrative expense as incurred.

Pilgrim Media Group. In July 2024, the Company acquired the noncontrolling interest holder's remaining 12.5% of Pilgrim Media Group for approximately $13.5 million, and recorded a reduction to redeemable noncontrolling interest of $23.4 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 remaining interest recorded as a reduction to accumulated deficit of $9.9 million. Prior to the Company's acquisition of the remaining interest, the noncontrolling interest was presented as a redeemable noncontrolling interest outside shareholders' equity on the Company's consolidated balance sheets, due to put and call options which were determined to be embedded in the noncontrolling interest, and because the put rights were outside the control of the Company.

Other. The Company has other immaterial redeemable noncontrolling interests.

Other Noncontrolling Interests

Other. In connection with the Company's investment in CP LG and acquisition of the acquired library and related assets and liabilities discussed in Note 3, on June 5, 2024, the Company recorded a noncontrolling interest representing approximately 49% of CP LG amounting to $33.6 million. See Note 3 for further information.

In addition, the Company has other immaterial noncontrolling interests that are not redeemable.

11. Revenue

Revenue by Segment, Market or Product Line

The table below presents revenues by segment, market or product line for the three and six months ended September 30, 2024 and 2023. The Motion Picture and Television Production segments include the revenues of eOne from the acquisition date of December 27, 2023 (see Note 3).

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions)			
Revenue by Type:				
Motion Picture				
Theatrical	$ 20.1	$ 28.2	$ 56.1	$ 9
Home Entertainment				
Digital Media	114.5	165.7	254.6	33
Packaged Media	12.5	16.1	21.8	4
Total Home Entertainment	127.0	181.8	276.4	38
Television	108.7	100.8	196.7	14
International	148.0	79.7	216.0	16
Other	3.3	5.4	8.8	1
Total Motion Picture revenues[1]	407.1	395.9	754.0	80
Television Production				
Television	313.1	221.8	473.2	37
International	49.7	73.6	85.5	10
Home Entertainment				
Digital Media	34.3	84.2	53.2	9
Packaged Media	0.5	0.3	1.3	
Total Home Entertainment	34.8	84.5	54.5	9
Other	19.0	14.0	44.8	3
Total Television Production revenues[2]	416.6	393.9	658.0	61
Total revenues	$ 823.7	$ 789.8	$ 1,412.0	$ 1,41

(1) Total Motion Picture revenues for the three months ended September 30, 2024 and 2023 includes $72.1 million and $60.5 million, respectively, of revenues from licensing Motion Picture segment product to the Starz Business. Total Motion Picture revenues for the six months ended September 30, 2024 and 2023 includes $136.3 million and $77.1 million, respectively, of revenues from licensing Motion Picture segment product to the Starz Business.

(2) Total Television Production revenues for the three months ended September 30, 2024 and 2023 includes $149.9 million and $130.3 million, respectively, of revenues from licensing Television Production segment product to the Starz Business. Total Television Production revenues for the six months ended September 30, 2024 and 2023 includes $189.4 million and $211.3 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 September 30, 2024 are as follows:

	Rest of Year Ending March 31,	Year Ending March 31,			
	2025	2026	2027	Thereafter	Total
	(Amounts in millions)				
Remaining Performance Obligations	$ 824.0	$ 781.8	$ 114.4	$ 58.6	$ 1,778.8

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 $68.6 million and $157.9 million, respectively, including variable and fixed fee arrangements, were recognized during the three and six months ended September 30, 2024, from performance obligations satisfied prior to March 31, 2024. 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 the unaudited condensed consolidated balance sheets or Note 19 for accounts receivable, contract assets and deferred revenue balances at September 30, 2024 and March 31, 2024.

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, 2024	(Benefit) provision for doubtful accounts	Other[(1)]	Uncollectible accounts written-off	September 30, 2024
	(Amounts in millions)				
Provision for doubtful accounts	$ 6.4	$ (1.1)	$ 2.5	$ (1.0)	$ 6.8

(1) Represents a measurement period adjustment to the provision for doubtful accounts acquired in the acquisition of eOne (see Note 3).

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 contract assets at September 30, 2024 and March 31, 2024.

Deferred Revenue. Deferred revenue relates primarily to customer cash advances or deposits received prior to when the Company satisfies the corresponding performance obligation. Revenues of $34.5 million and $108.6 million, respectively, were recognized during the three and six months ended September 30, 2024, related to the balance of deferred revenue at March 31, 2024.

12. 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 three and six months ended September 30, 2024 and 2023 is presented below:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions, except per share amounts)			
Basic and Diluted Net Income (Loss) Per Common Share:				
Numerator:				
Net income (loss) attributable to Lionsgate Studios Corp. shareholders	$ (113.4)	$ 15.2	$ (156.8)	$ (5.3)
Accretion of redeemable noncontrolling interest	(0.3)	—	(0.6)	—
Net income (loss) attributable to Lionsgate Studios Corp. shareholders after accretion of redeemable noncontrolling interest	$ (113.7)	$ 15.2	$ (157.4)	$ (5.3)
Denominator:				
Weighted average common shares outstanding	288.7	253.4	280.6	253.4
Basic and diluted net income (loss) per common share	$ (0.39)	$ 0.06	$ (0.56)	$ (0.02)

For periods prior to the Separation, basic net income (loss) per share and diluted net loss per share was calculated based on the 253.4 million shares issued to Lionsgate at the closing of the Business Combination.

Additionally, for the three and six months ended September 30, 2024 and 2023, the outstanding common shares issuable presented below were excluded from diluted net income (loss) per common share because they are contingently issuable upon certain vesting criteria that have not been met as of the reporting period.

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions)			
SEAC Sponsor Options	2.2	—	2.2	—

13. Capital Stock

(a) Common Shares

The Company has an unlimited number of authorized shares following the closing of the Business Combination and at September 30, 2024. As of September 30, 2024, common shares reserved for future issuance include SEAC Sponsor Options described below.

As of March 31, 2024 and prior to the Business Combination, the Company was wholly-owned by Lionsgate.

(b) SEAC Sponsor Options

In connection with the Business Combination, 2,200,000 SEAC Sponsor Options to receive LG Studios Common Shares pursuant to the Sponsor Option Agreement, as described in Note 2, were issued and have an exercise price of $0.0001 per share. The SEAC Sponsor Options will become exercisable (i) on or after the date on which the trading price of LG Studios Common Shares (as adjusted for share splits, share dividends, reorganizations, recapitalizations and the like) equals or exceeds $16.05 per share or (ii) if a Change of Control (as defined in the Sponsor Option Agreement) occurs, subject to certain conditions. The SEAC Sponsor Options are not considered compensatory nor were they granted in exchange for a good or service. The SEAC Sponsor Options meet the requirements for equity classification because they are considered to be indexed to LG Studios Common Shares and are classified in shareholders' equity. The Company has recorded the SEAC Sponsor Options to equity at closing of the Business Combination in connection with the reverse recapitalization accounting described at Note 2.

(c) Lionsgate Share-based Compensation

As described in Note 1, the Separation Agreement and the Shared Services Agreement provide that officers, employees and directors of the Company receive awards of equity and equity-based compensation pursuant to the existing equity incentive plan of Lionsgate, the Lions Gate Entertainment Corp. 2023 Performance Incentive Plan (the "2023 Lionsgate Plan"). Such awards will be treated as a capital contribution by Lionsgate to the Company, and the stock based compensation expenses for such awards will be allocated to the Company

Prior to the Separation, the unaudited condensed consolidated financial statements included an allocation of share-based compensation expense attributable to corporate and shared service functions.

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 Company recognized the following share-based compensation expense during the three and six months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions)			
Compensation Expense:				
Stock options	$ 0.2	$ 0.5	$ 0.4	$ 0.9
Restricted share units and other share-based compensation	8.2	12.9	16.3	20.3
Share appreciation rights	0.2	0.1	0.3	0.2
Total Lionsgate Studios employee share-based compensation expense	8.6	13.5	17.0	21.4
Corporate allocation of share-based compensation	6.7	3.9	10.9	7.6
	15.3	17.4	27.9	29.0
Impact of accelerated vesting on equity awards(1)	4.6	—	4.6	0.5
Total share-based compensation expense	$ 19.9	$ 17.4	$ 32.5	$ 29.5

(1) Represents the impact of the acceleration of vesting schedules for equity awards pursuant to certain severance arrangements prior to the Separation.

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions)			
Share-Based Compensation Expense:				
General and administration	$ 15.3	$ 17.4	$ 27.9	$ 29.0
Restructuring and other	4.6	—	4.6	0.5
	$ 19.9	$ 17.4	$ 32.5	$ 29.5

The following table sets forth the stock option, share appreciation rights (“SARs”), restricted stock and restricted share unit activity at Lionsgate for grants related directly to the Company employees and Lionsgate corporate and shared service employees during the six months ended September 30, 2024:

	Stock Options and SARs				Restricted Stock and Restricted Share Units			
	Lions Gate Class A Voting Shares		Lions Gate Class B Non-Voting Shares		Lions Gate Class A Voting Shares		Lions Gate Class B Non-Voting Shares	
	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
	(Number of shares in millions)							
Outstanding at March 31, 2024	2.4	$ 22.96	17.1	$ 13.92	0.1	$ 9.27	9.8	$ 8.93
Granted	—	—	—	—	—	—	7.8	$ 7.99
Options exercised or restricted stock or RSUs vested	—	—	— (1)	$ 7.13	— (1)	$ 11.45	(5.7)	$ 8.79
Forfeited or expired	(0.1)	$ 20.26	(2.1)	$ 14.86	—	—	(0.2)	$ 9.35
Outstanding at September 30, 2024	2.3	$ 23.10	15.0	$ 13.80	0.1	$ 8.98	11.7	$ 8.21

(1) Represents less than 0.1 million shares.

14. Income Taxes

In connection with the Business Combination, on May 13, 2024, the Company and Lionsgate entered into a tax matters agreement (the “Tax Matters Agreement”) that governs the parties’ respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, certain indemnification rights with respect to tax matters, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes.

For periods prior to the Business Combination (including the period from April 1, 2024, through May 13, 2024), income taxes were calculated on a separate tax return basis. The separate tax return method applies the accounting guidance for income taxes to the standalone financial statements as if the Company was a separate taxpayer and standalone enterprise. The Company’s U.S. operations, and certain of its non-U.S. operations historically were included in the income tax returns of Lionsgate or its subsidiaries that may not be part of the Company. Management believes the assumptions supporting the Company’s allocation and presentation of income taxes on a separate tax return basis to be reasonable.

For periods following the Business Combination (including the period from May 14, 2024, through September 30, 2024), income taxes were calculated by applying an estimated effective income tax rate to the Company’s ordinary income (loss), adjusted for the income tax effects of items that related discretely to the period, if any.

The Company’s income tax expense for the three and six months ended September 30, 2024 and 2023 differed from the U.S. federal statutory corporate income tax rate of 21% multiplied by income (loss) before taxes due to the mix of earnings across the various jurisdictions in which operations are conducted, changes in valuation allowances against deferred tax assets, certain minimum income and foreign withholding taxes, charges for interest on uncertain tax benefits, and benefits from the releases of reserves for uncertain tax benefits due to the close of audits or expirations of statutes of limitations.

15. Restructuring and Other

Restructuring and other includes restructuring and severance costs and certain transaction and other costs, when applicable. During the three and six months ended September 30, 2024 and 2023, the Company also incurred certain other unusual charges or benefits, which are included in direct operating expense in the consolidated 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 three and six months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions)			
Restructuring and other:				
Other impairments[(1)]	$ 0.5	$ —	$ 18.5	$ —
Severance[(2)]	1.1	1.0	4.1	3.5
Transaction and other costs[(3)]	5.6	3.9	12.3	5.5
Total Restructuring and Other	7.2	4.9	34.9	9.0
Other unusual charges not included in restructuring and other or the Company's operating segments:				
COVID-19 related charges (benefit) included in direct operating expense[(4)]	—	(0.5)	(2.1)	(0.4)
Unallocated rent cost included in direct operating expense[(5)]	5.2	—	10.5	—
Total restructuring and other and other unusual charges not included in restructuring and other	$ 12.4	$ 4.4	$ 43.3	$ 8.6

(1) Amounts in the three and six months ended September 30, 2024 include 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.

(2) Severance costs were primarily related to restructuring, acquisition integration activities and other cost-saving initiatives.

(3) Transaction and other costs in the three and six months ended September 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.

(4) Amounts include incremental costs incurred, if any, due to circumstances associated with the COVID-19 global pandemic, net of insurance recoveries of nil and $2.1 million in the three and six months ended September 30, 2024, respectively (three and six months ended September 30, 2023 - insurance recoveries of $0.5 million and $0.5 million, respectively). In the six months ended September 30, 2024 and the three and six months ended September 30, 2023, insurance recoveries exceeded the incremental costs expensed in the period, resulting in a net benefit included in direct operating expense.

(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.

Changes in the restructuring and other severance liability were as follows for the six months ended September 30, 2024 and 2023:

	Six Months Ended September 30,	
	2024	2023
	(Amounts in millions)	
Severance liability		
Beginning balance	$ 19.3	$ 3.7
Accruals[(2)]	(0.5)	3.0
Severance payments	(11.4)	(5.1)
Ending balance[(1)]	$ 7.4	$ 1.6

(1) As of September 30, 2024, the remaining severance liability of approximately $7.4 million is expected to be paid in the next 12 months.

(2) Excludes $4.6 million and $0.5 million in the six months ended September 30, 2024 and 2023, respectively, of accelerated vesting on equity awards.

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 3).

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions)			
Segment revenues				
Motion Picture	$ 407.1	$ 395.9	$ 754.0	$ 802.5
Television Production	416.6	393.9	658.0	612.4
Total revenue	$ 823.7	$ 789.8	$ 1,412.0	$ 1,414.9
Gross contribution				
Motion Picture	25.4	94.2	$ 140.0	$ 192.9
Television Production	41.4	77.5	70.0	113.0
Total gross contribution	66.8	171.7	210.0	305.9
Segment general and administration				
Motion Picture	22.8	26.7	51.3	56.1
Television Production	17.0	14.3	34.8	27.0
Total segment general and administration	39.8	41.0	86.1	83.1
Segment profit				
Motion Picture	2.6	67.5	88.7	136.8
Television Production	24.4	63.2	35.2	86.0
Total segment profit	$ 27.0	$ 130.7	$ 123.9	$ 222.8

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, 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:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions)			
Company's total segment profit	$ 27.0	$ 130.7	$ 123.9	$ 222.8
Corporate general and administrative expenses[(1)]	(28.1)	(26.5)	(59.2)	(51.0)
Adjusted depreciation and amortization[(2)]	(3.2)	(2.4)	(6.7)	(5.2)
Restructuring and other	(7.2)	(4.9)	(34.9)	(9.0)
COVID-19 related benefit (charges) included in direct operating expense[(3)]	—	0.5	2.1	0.4
Content charges[(4)]	—	(0.4)	—	(0.8)
Unallocated rent cost included in direct operating expense[(5)]	(5.2)	—	(10.5)	—
Adjusted share-based compensation expense[(6)]	(15.3)	(17.4)	(27.9)	(29.0)
Purchase accounting and related adjustments[(7)]	(2.8)	(3.6)	(5.9)	(15.2)
Operating income (loss)	(34.8)	76.0	(19.1)	113.0
Interest expense	(63.0)	(51.7)	(121.6)	(101.6)
Interest and other income	3.3	2.9	8.4	5.1
Other expense	(13.8)	(10.0)	(15.2)	(13.7)
Loss on extinguishment of debt	(0.5)	—	(1.5)	—
Loss on investments, net	—	(1.6)	—	(1.7)
Equity interests income (loss)	(0.1)	1.8	0.8	1.5
Income (loss) before income taxes	$ (108.9)	$ 17.4	$ (148.2)	$ 2.6

(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 unaudited condensed 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 September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions)			
Depreciation and amortization	$ 4.2	$ 3.8	$ 8.8	$ 8.0
Less: Amount included in purchase accounting and related adjustments	(1.0)	(1.4)	(2.1)	(2.8)
Adjusted depreciation and amortization	$ 3.2	$ 2.4	$ 6.7	$ 5.2

(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 (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 unaudited condensed consolidated statements of operations, and excluded from segment operating results.

(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 September 30, 2024	Three Months Ended September 30, 2023	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023
	(Amounts in millions)			
Total share-based compensation expense	$ 19.9	$ 17.4	$ 32.5	$ 29.5
Less:				
Amount included in restructuring and other[(i)]	(4.6)	—	(4.6)	(0.5)
Adjusted share-based compensation	$ 15.3	$ 17.4	$ 27.9	$ 29.0

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

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023
	(Amounts in millions)			
Purchase accounting and related adjustments:				
General and administrative expense[(i)]	$ 1.8	$ 2.2	$ 3.8	$ 12.4
Depreciation and amortization	1.0	1.4	2.1	2.8
	$ 2.8	$ 3.6	$ 5.9	$ 15.2

(i) 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 ($1.3 million through May 2023) related to 3 Arts Entertainment, all of which are accounted for as compensation and are included in general and administrative expense. 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 statements of operations due to the relationship to continued employment.

See Note 11 for revenues by media or product line as broken down by segment for the three and six months ended September 30, 2024 and 2023.

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions)			
General and administration				
Segment general and administrative expenses	$ 39.8	$ 41.0	$ 86.1	$ 83.1
Corporate general and administrative expenses	28.1	26.5	59.2	51.0
Share-based compensation expense included in general and administrative expense	15.3	17.4	27.9	29.0
Purchase accounting and related adjustments	1.7	2.2	3.8	12.4
	$ 84.9	$ 87.1	$ 177.0	$ 175.5

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

	September 30, 2024	March 31, 2024
	(Amounts in millions)	
Assets		
Motion Picture	$ 1,924.9	$ 1,851.4
Television Production	2,401.0	2,347.8
Other unallocated assets[(1)]	935.5	903.8
	$ 5,261.4	$ 5,103.0

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

17. 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 September 30, 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.

18. 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 September 30, 2024, the Company had the following outstanding forward foreign exchange contracts (all outstanding contracts have maturities of less than 19 months from September 30, 2024):

September 30, 2024				
Foreign Currency	Foreign Currency Amount		US Dollar Amount	Weighted Average Exchange Rate Per $1 USD
	(Amounts in millions)		(Amounts in millions)	
Czech Koruna	180.0 CZK	in exchange for	$ 7.7	23.29 CZK
Euro	14.8 EUR	in exchange for	$ 16.6	0.90 EUR
Canadian Dollar	15.0 CAD	in exchange for	$ 11.1	1.35 CAD
Mexican Peso	199.1 MXN	in exchange for	$ 10.4	19.73 MXN
Hungarian Forint	1,498.7 HUF	in exchange for	$ 3.9	371.46 HUF
New Zealand Dollar	3.6 NZD	in exchange for	$ 2.3	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 consolidated statements of cash flows.

In connection with the Separation, Business Combination and Intercompany Note described in Note 7, the Company assumed the rights, obligations, costs and benefits associated with and provided under the terms of Lionsgate's floating-to-fixed swap contracts.

Designated Cash Flow Hedges. As of September 30, 2024 and March 31, 2024, 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).

Effective Date	Notional Amount (in millions)	Fixed Rate Paid	Maturity Date
May 23, 2018	$300.0	2.915%	March 24, 2025
May 23, 2018	$700.0	2.915%	March 24, 2025
June 25, 2018	$200.0	2.723%	March 23, 2025
July 31, 2018	$300.0	2.885%	March 23, 2025
December 24, 2018	$50.0	2.744%	March 23, 2025
December 24, 2018	$100.0	2.808%	March 23, 2025
December 24, 2018	$50.0	2.728%	March 23, 2025
August 15, 2024 (1)	$65.0	4.045%	September 15, 2026
August 15, 2024 (1)	$77.5	3.803%	August 15, 2026
August 15, 2024 (1)	$77.5	3.810%	September 15, 2026
Total	$1,920.0		

(1) Entered into during the three months ended September 30, 2024.

Financial Statement Effect of Derivatives

Unaudited condensed consolidated statements of operations and comprehensive income (loss): The following table presents the pre-tax effect of the Company's derivatives on the accompanying unaudited condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions)			
Derivatives designated as cash flow hedges:				
Forward exchange contracts				
Gain (loss) recognized in accumulated other comprehensive income (loss)	$ 0.8	$ (0.6)	$ 1.0	$ (3.1)
Gain (loss) reclassified from accumulated other comprehensive income (loss) into direct operating expense	$ (0.2)	$ (0.4)	$ (1.2)	$ 0.1
Interest rate swaps				
Gain (loss) recognized in accumulated other comprehensive income (loss)	$ (6.3)	$ 9.3	$ (2.8)	$ 36.4
Gain reclassified from accumulated other comprehensive income (loss) into interest expense	$ 11.4	$ 10.9	$ 22.3	$ 20.1
Derivatives not designated as cash flow hedges:				
Interest rate swaps				
Loss reclassified from accumulated other comprehensive income (loss) into interest expense	$ (1.5)	$ (1.8)	$ (3.1)	$ (3.8)
Total direct operating expense on consolidated statements of operations	$ 628.2	$ 510.5	$ 983.8	$ 872.5
Total interest expense on consolidated statements of operations	$ 63.0	$ 51.7	$ 121.6	$ 101.6

Unaudited condensed consolidated 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 9). 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 unaudited condensed consolidated balance sheets. As of September 30, 2024 and March 31, 2024, there were no swaps outstanding that were subject to a master netting arrangement.

As of September 30, 2024 and March 31, 2024, the Company had the following amounts recorded in the accompanying unaudited condensed consolidated balance sheets related to the Company's use of derivatives:

	September 30, 2024		
	Other Current Assets	Other Accrued Liabilities (current)	Other Liabilities (non-current)
	(Amounts in millions)		
Derivatives designated as cash flow hedges:			
Forward exchange contracts	$ —	$ 0.6	$ —
Interest rate swaps	12.2	—	(1.7)
Fair value of derivatives	$ 12.2	$ 0.6	$ (1.7)

	March 31, 2024	
	Other Current Assets	Other Accrued Liabilities (current)
	(Amounts in millions)	
Derivatives designated as cash flow hedges:		
Forward exchange contracts	$ —	$ 2.8
Interest rate swaps	35.6	—
Fair value of derivatives	$ 35.6	$ 2.8

As of September 30, 2024, based on the current release schedule, the Company estimates approximately $1.2 million of gains 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 September 30, 2025.

As of September 30, 2024, the Company estimates approximately $23.4 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 September 30, 2025.

19. Additional Financial Information

The following tables present supplemental information related to the unaudited condensed consolidated financial statements.

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the unaudited condensed consolidated balance sheets to the total amounts reported in the unaudited condensed consolidated statements of cash flows at September 30, 2024 and March 31, 2024. At September 30, 2024 and March 31, 2024, restricted cash represents primarily amounts related to required cash reserves for interest payments associated with certain corporate debt and film related obligations.

	September 30, 2024	March 31, 2024
	(Amounts in millions)	
Cash and cash equivalents	$ 210.8	$ 277.0
Restricted cash included in other current assets	48.0	43.7
Restricted cash included in other non-current assets	11.6	13.7
Total cash, cash equivalents and restricted cash	$ 270.4	$ 334.4

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 unaudited condensed consolidated 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 three and six months ended September 30, 2024 and 2023.

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 three and six months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
	(Amounts in millions)			
Carrying value of receivables transferred and derecognized	$ 186.4	$ 196.2	$ 293.8	$ 300.5
Net cash proceeds received	181.7	187.3	285.8	288.9
Loss recorded related to transfers of receivables	4.7	8.9	8.0	11.6

At September 30, 2024, the outstanding amount of receivables derecognized from the Company's unaudited condensed consolidated balance sheets, but which the Company continues to service, related to the Company's individual agreements to monetize trade accounts receivable was $490.5 million (March 31, 2024 - $449.2 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 three and six months ended September 30, 2023:

	Three Months Ended September 30,	Six Months Ended September 30,
	2023	2023
	(Amounts in millions)	
Gross cash proceeds received for receivables transferred and derecognized	$ 16.3	$ 22.2
Less amounts from collections reinvested under revolving agreement	(6.2)	(9.1)
Proceeds from new transfers	10.1	13.1
Collections not reinvested and remitted or to be remitted	(9.0)	(13.4)
Net cash proceeds received (paid or to be paid)	$ 1.1	$ (0.3)
Carrying value of receivables transferred and derecognized [(1)]	$ 16.3	$ 22.1
Obligations recorded	$ 1.0	$ 2.1
Loss recorded related to transfers of receivables	$ 1.0	$ 2.0

(1) Receivables net of unamortized discounts on long-term, non-interest bearing receivables.

At September 30, 2024 and March 31, 2024, there were no outstanding receivables derecognized from the Company's unaudited condensed consolidated balance sheet, for which the Company continues to service, related to the pooled monetization agreement.

Other Assets

The composition of the Company's other assets is as follows as of September 30, 2024 and March 31, 2024:

	September 30, 2024	March 31, 2024
	(Amounts in millions)	
Other current assets		
Prepaid expenses and other	$ 44.6	$ 34.8
Restricted cash	48.0	43.7
Contract assets	56.6	59.9
Interest rate swap assets	12.2	35.6
Tax credits receivable	166.6	199.1
	$ 328.0	$ 373.1
Other non-current assets		
Prepaid expenses and other	$ 13.8	$ 18.3
Restricted cash	11.6	13.7
Accounts receivable	47.0	111.7
Contract assets	5.2	3.2
Tax credits receivable	394.7	361.7
Operating lease right-of-use assets	307.0	344.3
	$ 779.3	$ 852.9

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 $25.2 million and $116.2 million at September 30, 2024 and March 31, 2024, respectively.

Accumulated Other Comprehensive Income

The following table summarizes the changes in the components of accumulated other comprehensive income, net of tax. During the six months ended September 30, 2024 and 2023, there was no income tax expense or benefit reflected in other comprehensive income 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, 2024	$ (42.1)	$ 138.8	$ 96.7
Other comprehensive income (loss)	11.7	(1.8)	9.9
Reclassifications to net loss[(1)]	—	(18.0)	(18.0)
September 30, 2024	$ (30.4)	$ 119.0	$ 88.6
March 31, 2023	$ (41.1)	$ 142.6	$ 101.5
Other comprehensive income (loss)	(1.3)	33.3	32.0
Reclassifications to net loss[(1)]	—	(16.4)	(16.4)
September 30, 2023	$ (42.4)	$ 159.5	$ 117.1

(1) Represents a loss of $1.2 million included in direct operating expense and a gain of $19.2 million included in interest expense on the unaudited condensed consolidated statement of operations in the six months ended September 30, 2024 (six months ended September 30, 2023 - gain of $0.1 million included in direct operating expense and gain of $16.3 million included in interest expense) (see Note 18).

Supplemental Cash Flow Information

Significant non-cash transactions during the six months ended September 30, 2024 and 2023 include certain interest rate swap agreements, which are discussed in Note 18, "Derivative Instruments and Hedging Activities".

Except for non-cash financing activity described in Note 20, there were no significant non-cash financing or investing activities for the six months ended September 30, 2024 and 2023.

20. Related Party Transactions

In connection with the Separation and 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 prior to the Separation were settled through parent net investment at the time of the transaction:

Lionsgate corporate general and administrative expenses: As described in Note 1, in connection with the Business Combination, the Company and Lionsgate entered into the Shared Services Agreement which took effect upon the Closing. The Shared Services Agreement facilitates the allocation to the Company of all corporate general and administrative expenses of Lionsgate, except for an amount of $10.0 million to be allocated annually to Lionsgate. During the three and six months ended September 30, 2024, $28.1 million and $59.2 million, respectively, of Lionsgate corporate general and administrative expenses, excluding amounts related to share-based compensation discussed below, were allocated to the Company. Of the total amount allocated to the Company during three and six months ended September 30, 2024, $28.1 million and $45.0 million was allocated to the Company after the Separation pursuant to the Shared Services Agreement. Prior to the Separation, during the six months ended September 30, 2024, $14.2 million of corporate expenses were allocated to the Company (three and six months ended September 30, 2023 - $26.5 million and $51.0 million, respectively).

Share- based compensation: The Separation Agreement and the Shared Services Agreement provide that officers, employees and directors of LG Studios will continue to receive awards of equity and equity-based compensation pursuant to the existing equity incentive plans of Lionsgate. Such awards are treated as a capital contribution by Lionsgate to LG Studios, and the share-based compensation expense for such awards is allocated to LG Studios.

Prior to the Separation, Lionsgate provided 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.

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. Prior to the Separation, license fee amounts due were settled with the Starz Business through parent net investment. License fees receivable, not yet due from the Starz Business, are reflected in due from the Starz Business on the unaudited condensed consolidated 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 unaudited condensed consolidated statements of operations (see Note 11).

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. See *"Transactions with Lionsgate"* below for further discussion of the settlement of these transactions. These expenditures are reflected in the financial statements of the Studio Business and the Starz Business as applicable.

Monetization of certain accounts receivables: The Company had an agreement with Starz for Starz to transfer certain accounts receivables to the Company to participate in the Company's pooled monetization arrangement, which matured on October 1, 2023. The Company purchased the transferred receivables at fair value and recorded them at the purchased amount on its balance sheet and classified the purchase price paid in parent net investment (see Note 19). The accounts receivables purchased from the Starz Business were historically pledged as collateral under this agreement. Any discount on the purchase of the receivable from the Starz Business was accreted to interest income over the period to collection of the accounts receivable. The accounts receivable purchased from the Starz Business and subsequent collections were reflected as investing activities in the unaudited condensed consolidated statements of cash flows.

Transactions with Lionsgate

Prior to the Separation, Lionsgate utilized a centralized approach to cash management. Cash generated by the Studio Business was managed by Lionsgate's centralized treasury function and cash was routinely transferred to the Company or to the Starz Business to fund operating activities when needed. Payables to and receivables from Lionsgate, primarily related to the Starz Business, were 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 were accounted for as parent net investment.

Because of this centralized approach to cash management, financial transactions for cash movement and the settlement of payables and receivables when due with Lionsgate were generally accounted for through the parent net investment account. Settlements of amounts payable and receivable when due through the parent net investment account were reflected as cash payments or receipts for the applicable operating transaction within operating activities, with the net change in parent net investment included within financing activities in the unaudited condensed consolidated statements of cash flows.

The net transfers to and from Lionsgate through the period prior to the Separation discussed above were as follows:

	Six Months Ended September 30,	
	2024	2023
Cash pooling and general financing activities	$ 87.9	$ (133.2)
Licensing of content[(1)]	9.7	266.1
Corporate reimbursements	(5.3)	2.0
Corporate expense allocations (excluding allocation of share-based compensation)	2.3	13.9
Funding of purchases of accounts receivables held for collateral	—	(85.6)
Net transfers to (from) Parent per unaudited condensed consolidated statements of cash flows	$ 94.6	$ 63.2
Share-based compensation (including allocation of share-based compensation)	(6.0)	(29.5)
Other non-cash transfer[(2)]	(33.4)	5.3
Net transfers to (from) Parent per unaudited condensed consolidated statements of equity (deficit)	$ 55.2	$ 39.0

(1) Reflects the settlement of amounts due from the Starz Business related to the Company's licensing arrangements with the Starz Business.
(2) Includes a non-cash transfer of debt through Parent net investment of $35.0 million in connection with the Separation in the six months ended September 30, 2024.

21. Subsequent Events

On November 6, 2024, the Company closed an amendment to its LG IP Credit Facility which increased the maximum principal amount of the LG IP Credit Facility to $720.0 million. The Company borrowed $265.0 million under the LG IP Credit Facility, and used the net proceeds to pay in full the remaining $250.0 million principal amount of the LGTV Term Loan B, together with accrued and unpaid interest thereon.

ITEM 2. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.***

Overview

Lionsgate Studios Corp. (the "Company," "Lionsgate Studios," "we," "us," or "our") is a subsidiary of Lions Gate Entertainment Corp ("Lionsgate" or "Parent") which encompasses the motion picture and television studio operations (collectively referred to as the "Studio Business") of Lionsgate.

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. The Motion Picture segment 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. The Television Production segment consists of the development, production and worldwide distribution of television productions including television series, television movies and mini-series, and non-fiction programming. The Motion Picture segment includes the licensing of motion pictures and the Television Production segment includes the licensing of Starz original productions to the STARZ-branded premium global subscription platforms (the "Starz Business"). The Television Production segment also includes 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.

Separation and Business Combination

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 has been accounted for as a reverse recapitalization in accordance with United States ("U.S.") generally accepted accounting principles ("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 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 of SEAC 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.

The Studio Business has been determined to be the accounting acquirer in the Business Combination because Lionsgate continues to hold a controlling financial interest.

As a result of the Business Combination and additional private investments in public equities ("PIPE") financing discussed in Note 2, former SEAC public shareholders and founders and new common equity financing investors own approximately 12.2% of LG Studios Common Shares. 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 received at closing, including $254.3 million in PIPE financing. See Note 2, for additional information related to the Business Combination. The net proceeds from the transaction were used by the Company to pay down the Intercompany Note, see Note 7.

Basis of Presentation

Upon the effective date of the Separation, the Company's financial statements are presented on a consolidated basis, as Lionsgate completed the contribution of the Studio Business on such date. The unaudited financial statements for all periods presented, including the historical results of the Company prior to the Separation, are now referred to as the “condensed consolidated financial statements”.

For periods prior to the Separation, the Company operated as a segment of Lionsgate and not as a separate entity. The Company’s financial statements prior to the Separation were prepared on a carve-out basis and were derived from Lionsgate’s consolidated financial statements and accounting records and reflect Studio Business’s combined historical financial position, results of operations and cash flows as they were historically managed in accordance with U.S. GAAP. Prior to the Separation, a management approach was applied to determine the carve-out basis of presentation. 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.

For periods subsequent to the Separation, the accompanying unaudited condensed consolidated financial statements include the accounts of Lionsgate Studios and all of its majority-owned and controlled subsidiaries.

All revenues and costs as well as assets and liabilities directly associated with the business activity of the Studio Business were included in the accompanying unaudited condensed consolidated financial statements. Prior to the Separation, revenues and costs associated with the Studio Business were 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 included an allocation of corporate general and administrative expense (inclusive of share-based compensation) which was 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 were generally specifically identifiable as costs of the Studio Business in the accounting records of Lionsgate and were included in the accompanying unaudited condensed consolidated financial statements in periods prior to the Separation.

In connection with the Business Combination, on May 9, 2024, Lionsgate and StudioCo entered into a shared services and overhead sharing agreement (the “Shared Services Agreement”) which took effect upon the closing of the Business Combination. The Shared Services Agreement facilitates the allocation to the Company of all corporate general and administrative expenses of Lionsgate, except for an amount of $10.0 million to be allocated annually to Lionsgate. The $10.0 million allocation of Lionsgate’s corporate general and administrative expenses to the Starz Business pursuant to the Shared Services Agreement is designed to reflect the portion of corporate expenses expended and reflective of the level of effort and costs incurred related to management oversight and services provided for the Starz Business post Separation with consideration of the anticipated separation of the Starz Business.

The corporate general and administrative expenses that are allocated to the Company pursuant to the Shared Services Agreement include 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. In addition, the Separation Agreement and the Shared Services Agreement provide that officers, employees and directors of the Company will continue to receive awards of equity and equity-based compensation pursuant to the existing plans of Lionsgate. Such awards will be treated as a capital contribution by Lionsgate to the Company, with the associated stock based compensation expense for such awards allocated to the Company, see Note 13.

For periods prior to the Separation, the unaudited condensed combined financial statements of the Studio Business included allocations of corporate general and administrative expenses (inclusive of share-based compensation) from Lionsgate related to the corporate and shared service functions historically provided by Lionsgate. These expenses were 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.

Management believes the assumptions underlying these unaudited condensed consolidated financial statements, including the assumptions regarding the allocation of general and administrative expenses from Lionsgate to the Studio Business prior to the Separation, are reasonable. See Note 20 for further detail of the allocations included in the unaudited condensed consolidated financial statements.

In connection with the Business Combination, the Company entered into certain intercompany note arrangements, which mirrored the terms and amounts outstanding under Lionsgate’s credit facilities as previously reflected in the historical financial statements of the Studio Business prior to the Separation, see Note 7.

Components of Results of Operations

Revenues

Our revenues are derived from the Motion Picture and Television Production segments, as described below. As mentioned above, we refer to our Motion Picture and Television Production segments collectively as our Studio Business. Our revenues are derived from the U.S., Canada, the United Kingdom and other foreign countries. None of the non-U.S. countries individually comprised greater than 10% of total revenues for the three and six months ended September 30, 2024 and 2023.

Motion Picture: Our *Motion Picture* segment includes revenues derived from the following:

- *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 us directly in the U.S. and through a sub-distributor in Canada). The revenues from Canada are reported net of distribution fees and release expenses of the Canadian sub-distributor. The financial terms that we negotiate with our theatrical exhibitors in the U.S. generally provide that we receive a percentage of the box office results.
- *Home Entertainment.* Home entertainment revenues are derived from the sale or rental of our film productions and acquired or licensed films and certain television programs (including theatrical and direct-to-video releases) on packaged media and through digital media platforms (including pay-per-view and video-on-demand platforms, electronic sell through, and digital rental). In addition, we have revenue sharing arrangements with certain digital media platforms which generally provide that, in exchange for a nominal or no upfront sales price, we share in the rental or sales revenues generated by the platform on a title-by-title basis.
- *Television.* Television revenues are primarily derived from the licensing of our theatrical productions and acquired films to the linear pay, basic cable and free television markets. In addition, when a license in our traditional pay television window is made to a subscription video-on-demand (“SVOD”) or other digital platform, the revenues are included here.
- *International.* International revenues are derived from (1) licensing of our productions, acquired films, our catalog product and libraries of acquired titles to international distributors, on a territory-by-territory basis; and (2) the direct distribution of our productions, acquired films, and our catalog product and libraries of acquired titles in the United Kingdom.
- *Other.* Other revenues are derived from, among others, the licensing of our film and television and related content (games, music, location-based entertainment royalties, etc.) to other ancillary markets.

Television Production: Our *Television Production* segment includes revenues derived from the following:

- *Television.* Television revenues are derived from the licensing to domestic markets (linear pay, basic cable, free television and syndication) of scripted and unscripted series, television movies, mini-series and non-fiction programming. Television revenues also include revenue from licenses to SVOD platforms in which the initial license of a television series is to an SVOD platform. Television revenues include fixed fee arrangements as well as arrangements in which we earn advertising revenue from the exploitation of certain content on television networks.
- *International.* International revenues are derived from the licensing and syndication to international markets of scripted and unscripted series, television movies, mini-series and non-fiction programming.
- *Home Entertainment.* Home entertainment revenues are derived from the sale or rental of television production movies or series on packaged media and through digital media platforms.
- *Other.* Other revenues are derived from, among others, the licensing of our television programs to other ancillary markets, the sales and licensing of music from the television broadcasts of our productions, and from commissions and executive producer fees earned related to talent management.

Expenses

Our primary operating expenses include direct operating expenses, distribution and marketing expenses and general and administration expenses.

Direct operating expenses include amortization of film and television production or acquisition costs, participation and residual expenses, provision for doubtful accounts, and foreign exchange gains and losses.

Participation costs represent contingent consideration payable based on the performance of the film or television program to parties associated with the film or television program, including producers, writers, directors or actors. Residuals represent amounts payable to various unions or “guilds” such as the Screen Actors Guild - American Federation of Television and Radio Artists, Directors Guild of America, and Writers Guild of America, based on the performance of the film or television program in certain ancillary markets or based on the individual’s (i.e., actor, director, writer) salary level in the television market.

Distribution and marketing expenses primarily include the costs of theatrical prints and advertising ("P&A") and premium video-on-demand ("Premium VOD") expense and of DVD/Blu-ray duplication and marketing. Theatrical P&A includes the costs of the theatrical prints delivered to theatrical exhibitors and the advertising and marketing cost associated with the theatrical release of the picture. Premium VOD expense represents the advertising and marketing cost associated with the Premium VOD release of the picture. DVD/Blu-ray duplication represents the cost of the DVD/Blu-ray product and the manufacturing costs associated with creating the physical products. DVD/Blu-ray marketing costs represent the cost of advertising the product at or near the time of its release or special promotional advertising.

General and administration expenses include salaries and other overhead. Following the Separation, the Shared Services Agreement facilitates the allocation of substantially all corporate general and administrative expenses to the Company, including 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. Prior to the Separation, general and administrative expenses included allocations for certain general and administrative expenses from Lionsgate related to certain corporate and shared service functions historically provided by Lionsgate. See "*Basis of Presentation"* above, Note 1 and Note 20 to our unaudited condensed consolidated financial statements for further details on the Shared Services Agreement and our methodology for allocating these costs for periods prior to the Separation.

For the three and six months ended September 30, 2023, total Lionsgate corporate general and administrative expenses were $32.8 million and $63.1 million, respectively, of which $26.4 million and $51.0 million, respectively, was allocated to the Company.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The application of the following accounting policies, which are important to our financial position and results of operations, requires significant judgments and estimates on the part of management. As described more fully below, these estimates bear the risk of change due to the inherent uncertainty of the estimate. In some cases, changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ materially from our estimates. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations will be affected. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require management's most difficult, subjective and complex judgments. For a summary of all of our accounting policies, including the accounting policies discussed below, see Note 1 to our audited combined financial statements as contained in Exhibit 99.1 of Amendment No. 2 to the Current Report on Form 8-K filed on October 15, 2024.

Accounting for Films and Television Programs

Capitalized costs for films or television programs are predominantly monetized individually.

Amortization. Film cost amortization as well as participations and residuals expense are based on management's estimates. Costs of acquiring and producing films and television programs and of acquired libraries are amortized and estimated liabilities for participations and residuals costs are accrued using the individual-film-forecast method, based on the ratio of the current period's revenues to management's estimated remaining total gross revenues to be earned ("ultimate revenue"). Management's judgment is required in estimating ultimate revenue and the costs to be incurred throughout the life of each film or television program.

Management estimates ultimate revenues based on historical experience with similar titles or the title genre, the general public appeal of the cast, audience test results when available, actual performance (when available) at the box office or in markets currently being exploited, and other factors such as the quality and acceptance of motion pictures or programs that our competitors release into the marketplace at or near the same time, critical reviews, general economic conditions and other tangible and intangible factors, many of which we do not control and which may change.

For motion pictures, ultimate revenue includes estimates over a period not to exceed ten years following the date of initial release of the motion picture. The most sensitive factor affecting our estimate of ultimate revenues for a film intended for theatrical release is the film's theatrical performance, as subsequent revenues from the licensing and sale in other markets have historically been highly correlated to its theatrical performance. After a film's release, our estimates of revenue from succeeding markets are revised based on historical relationships and an analysis of current market trends.

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. The most sensitive factors affecting our estimate of ultimate revenues for a television series is whether the series will be ordered for a subsequent season and estimates of revenue in secondary markets other than the initial license fee, which may depend on a number of factors, including, among others, the ratings or viewership the program achieves on the customers' platforms. The initial estimate of ultimate revenue may include estimates of revenues outside of the initial license window (i.e., international, home entertainment and other distribution platforms) and are based on historical experience for similar programs (genre, duration, etc.) and the estimated number of seasons of the series. Ultimates of revenue beyond the initial license fee are generally higher for programs that have been or are expected to be ordered for multiple seasons. We regularly monitor the performance of each season, and evaluate whether impairment indicators are present (i.e., low ratings, cancellations or the season is not reordered), and based upon our review, we revise our estimates as needed and perform an impairment assessment if impairment indicators are present (see below).

For titles included in acquired libraries, ultimate revenue includes estimates over a period not to exceed twenty years following the date of acquisition.

Due to the inherent uncertainties involved in making such estimates of ultimate revenues and expenses, these estimates have differed in the past from actual results and are likely to differ to some extent in the future from actual results. In addition, in the normal course of our business, some films and titles are more successful or less successful than anticipated. Management regularly reviews and revises when necessary its ultimate revenue and cost estimates, which may result in a change in the rate of amortization of film costs and participations and residuals and/or a write-down of all or a portion of the unamortized costs of the film or television program to its estimated fair value (see below).

An increase in the estimate of ultimate revenue will generally result in a lower amortization rate and, therefore, less film and television program amortization expense, while a decrease in the estimate of ultimate revenue will generally result in a higher amortization rate and, therefore, higher film and television program amortization expense, and also periodically results in an impairment requiring a write-down of the film cost to the title's fair value. These write-downs are included in amortization expense within direct operating expenses in our consolidated statements of operations. See further discussion below under *Impairment Assessment*.

Impairment Assessment. An individual film or television program is evaluated for impairment when events or changes in circumstances indicate that the fair value of an individual film is less than its unamortized cost. If the result of the impairment test indicates that the carrying value exceeds the estimated fair value, an impairment charge will then be recorded for the amount of the difference.

Estimate of Fair Value. The fair value is determined based on a discounted cash flow analysis of the cash flows directly attributable to the title. For motion pictures intended for theatrical release, the discounted cash flow analysis used in the impairment evaluation prior to theatrical release is subjective and the key inputs include estimates of future anticipated revenues and estimates of 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. For television programs, the discounted cash flow analysis used in the impairment evaluation includes key inputs such as estimates of future anticipated revenue, as discussed above. See further discussion of *Valuation Assumptions* below.

Valuation Assumptions. 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 9 to our unaudited condensed consolidated financial statements). 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.

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

Our content licensing arrangements include fixed fee and minimum guarantee arrangements, and sales or usage based royalties. Our fixed fee or minimum guarantee licensing arrangements in the television, digital media and international markets 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 represent amounts due to us based on the “sale” or “usage” of our 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 has been satisfied (or partially satisfied). Generally, when we license completed content (with standalone functionality, such as a movie, or television show), our performance obligation will be satisfied prior to the sale or usage. When we license intellectual property that does not have stand-alone functionality (e.g., brands, themes, logos, etc.), our performance obligation is generally satisfied in the same period as the sale or usage. The actual amounts due to us under these arrangements are generally not reported to us until after the close of the reporting period. We record revenue under these arrangements for the amounts due and not yet reported to us 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 our customers, historical experience with similar titles in that market or territory, the performance of the title in other markets and/or available data in the industry. While we believe these estimates are reasonable estimates of the amounts due under these arrangements, such estimated amounts could differ from the actual amounts to be subsequently reported by the customer, which could be higher or lower than our estimates, and could result in an adjustment to revenues in future periods.

Revenue from the theatrical release of feature films are treated as sales or usage-based royalties and recognized starting at the exhibition date and based on our participation in box office receipts of the theatrical exhibitor.

Digital media revenue sharing arrangements are recognized as sales or usage based royalties.

Revenue from commissions are recognized as such services are provided.

Goodwill. At September 30, 2024, the carrying value of goodwill was $806.5 million. Goodwill is allocated to our reporting units, which are our operating segments or one level below our 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. Our reporting units for purposes of goodwill impairment testing, along with their respective goodwill balances at September 30, 2024, were Motion Picture (goodwill of $396 million), and our Television (goodwill of $317 million) and Talent Management (goodwill of $93 million) businesses, both of which are part of our 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. We perform our 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 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 we believe that as a result of our 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 our reporting units. The determination of fair value requires 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.

In performing a quantitative assessment of goodwill, we determine the fair value of our reporting units by using a combination of discounted cash flow (“DCF”) analyses and market-based valuation methodologies. The models rely on significant judgments and assumptions surrounding general market and economic conditions, short-term and long-term growth rates, discount rates, income tax rates, and detailed management forecasts of future cash flow and operating margin projections, and other assumptions, all of which are based on our internal forecasts of future performance as well as historical trends. The market-based valuation method utilizes EBITDA multiples from guideline public companies operating in similar industries and a control premium. The results of these valuation methodologies are weighted as to their relative importance and a single fair value is determined. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the annual or interim goodwill impairment tests will prove to be an accurate prediction of the future.

Goodwill Impairment Assessments:

Fiscal 2025. During the three and six months ended September 30, 2024, there were no events or circumstances that have changed that would indicate that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value.

Fiscal 2024. For our annual goodwill impairment test for fiscal 2024, we performed qualitative goodwill impairment assessments for all of our reporting units (Motion Picture, and our Television and Talent Management businesses, both of which are part of our Television Production segment).

Our qualitative assessments 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.

Management will continue to monitor all of its reporting units for further changes in the business environment that could impact the recoverability in future periods. The recoverability of goodwill is dependent upon the continued growth of revenue and cash flows from our business activities. Examples of events or circumstances that could result in changes to the underlying key assumptions and judgments used in our goodwill impairment tests, and ultimately impact the estimated fair value of our reporting units may include the global economy; consumer consumption levels of our 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 our television programming and motion pictures; our continual contractual relationships with our customers; and changes in consumer behavior. If our assumptions are not realized, it is possible that additional impairment charges may need to be recorded in the future.

Corporate expense allocation. For periods prior to the Separation, Lionsgate's corporate general and administrative functions and costs 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. Accordingly, for periods prior to the Separation, the unaudited condensed consolidated financial statements of the Studio Business include allocations of certain general and administrative expenses from Lionsgate of $14.2 million for the six months ended September 30, 2024, and $26.4 million and $51.0 million for the three and six months ended September 30, 2023, respectively, related to these corporate and shared service functions historically provided by Lionsgate.

The allocation of costs to the Studio Business were subjective and required considerable judgment. The allocations of general and administrative expenses to the Studio Business were 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 management considered to be a reasonable reflection of the estimated historical utilization levels of these services. Following the Separation, $45.0 million of Lionsgate's corporate general and administrative costs were allocated to the Company pursuant to the Shared Services Agreement. In aggregate, allocations of Lionsgate's corporate general and administrative costs to the Company represent approximately 100.0% and 95.9% for the three and six months ended September 30, 2024, respectively, and 79.5% and 79.7% for the three and six months ended September 30, 2023, respectively, of total Lionsgate corporate general and administrative expense. See *Components of Results of Operations-Expenses* above for further information.

Income Taxes. We are subject to federal and state income taxes in the U.S. and in several foreign jurisdictions. We record deferred tax assets related to net operating loss carryforwards and certain temporary differences, net of applicable reserves in each jurisdiction. We recognize a future tax benefit to the extent that realization of such benefit is more likely than not on a jurisdiction-by-jurisdiction basis; otherwise, a valuation allowance is applied. In order to realize the benefit of our deferred tax assets, we will need to generate sufficient taxable income in the future in each of the jurisdictions which have these deferred tax assets. However, the assessment as to whether there will be sufficient taxable income in a jurisdiction to realize our net deferred tax assets in that jurisdiction is an estimate which could change in the future depending primarily upon the actual performance of our Company. We will be required to continually evaluate the more likely than not assessment that our net deferred tax assets will be realized, and if operating results deteriorate in a particular jurisdiction, we may need to record a valuation allowance for all or a portion of our deferred tax assets through a charge to our income tax benefit (provision). As of March 31, 2024, we maintained a valuation allowance of $341.6 million against certain U.S. and foreign deferred tax assets that may not be realized on a more likely than not basis.

Our effective tax rates differ from the U.S. federal statutory income tax rate and is affected by many factors, including the overall level of income (loss) before taxes and its mix across the jurisdictions in which conduct operations, any changes in tax laws and regulations changes in valuation allowances against our deferred tax assets, changes in unrecognized tax benefits, tax planning strategies available to us and other discrete items.

For periods prior to the Business Combination (including the period from April 1, 2024, through May 13, 2024), income taxes were calculated on a separate tax return basis. The separate tax return method applies the accounting guidance for income taxes to the standalone financial statements as if the Company was a separate taxpayer and standalone enterprise. The Company's U.S. operations, and certain of its non-U.S. operations historically were included in the income tax returns of Lionsgate or its subsidiaries that may not be part of the Company. Management believes the assumptions supporting the Company's allocation and presentation of income taxes on a separate tax return basis to be reasonable.

For periods following the Business Combination (including the period from May 14, 2024, through September 30, 2024), income taxes were calculated by applying an estimated effective income tax rate to the Company's ordinary income (loss), adjusted for the income tax effects of items that related discretely to the period, if any.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

Consolidated Results of Operations

The following table sets forth our consolidated results of operations for the three months ended September 30, 2024 and 2023. Due to the acquisition of eOne, the three months ended September 30, 2024 includes the results of operations of eOne (acquired December 27, 2023), see Note 3 to our unaudited condensed consolidated financial statements for further details.

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Change Amount	Change Percent
	(Amounts in millions)			
Revenues				
Studio Business				
Motion Picture [1]	$ 407.1	$ 395.9	$ 11.2	2.8 %
Television Production [2]	416.6	393.9	22.7	5.8 %
Total revenues	823.7	789.8	33.9	4.3 %
Expenses:				
Direct operating	628.2	510.5	117.7	23.1 %
Distribution and marketing	134.0	107.5	26.5	24.7 %
General and administration	84.9	87.1	(2.2)	(2.5)%
Depreciation and amortization	4.2	3.8	0.4	10.5 %
Restructuring and other	7.2	4.9	2.3	46.9 %
Total expenses	858.5	713.8	144.7	20.3 %
Operating income (loss)	(34.8)	76.0	(110.8)	(145.8)%
Interest expense	(63.0)	(51.7)	(11.3)	21.9 %
Interest and other income	3.3	2.9	0.4	13.8 %
Other expense	(13.8)	(10.0)	(3.8)	38.0 %
Loss on extinguishment of debt	(0.5)	—	(0.5)	n/a
Loss on investments, net	—	(1.6)	1.6	(100.0)%
Equity interests income (loss)	(0.1)	1.8	(1.9)	nm
Income (loss) before income taxes	(108.9)	17.4	(126.3)	nm
Income tax provision	(5.1)	(3.9)	(1.2)	30.8 %
Net income (loss)	(114.0)	13.5	(127.5)	nm
Less: Net loss attributable to noncontrolling interests	0.6	1.7	(1.1)	(64.7)%
Net income (loss) attributable to Lionsgate Studios Corp. shareholders	$ (113.4)	$ 15.2	$ (128.6)	nm

nm - Percentage not meaningful.

(1) Motion Picture revenues for the three months ended September 30, 2024 and 2023, includes $72.1 million and $60.5 million, respectively, of revenues from licensing Motion Picture segment product to the Starz Business.

(2) Television Production revenues for the three months ended September 30, 2024 and 2023, includes $149.9 million and $130.3 million, respectively, of revenues from licensing Television Production segment product to the Starz Business.

Revenues. Consolidated revenues increased $33.9 million in the three months ended September 30, 2024 reflecting increased Motion Picture segment revenue, offset by decreased revenue in the Television Production segment.

Motion Picture revenue increased $11.2 million due to increased international revenue driven by *Borderlands* and the multi-platform release, *The Killer's Game,* partially offset by lower theatrical, and home entertainment revenue. Motion Picture revenues for the three months ended September 30, 2024 included approximately $15.6 million of revenues from eOne. Motion Picture revenue included $72.1 million of revenue from licensing Motion Picture segment product to the Starz Business, representing an increase of $11.6 million from the three months ended September 30, 2023.

Television Production revenue increased $22.7 million due to the inclusion of revenue from eOne of approximately $111.1 million, offset by lower home entertainment digital and international revenue. Television Production revenue included $149.9 million of revenue from licensing Television Production segment product to the Starz Business, representing an increase of $19.6 million from the three months ended September 30, 2023.

See further discussion in the Segment Results of Operations section below.

Direct Operating Expenses. Direct operating expenses by segment were as follows for the three months ended September 30, 2024 and 2023:

	Three Months Ended September 30,				Change	
	2024		2023			
	Amount	% of Segment Revenues	Amount	% of Segment Revenues	Amount	Percent
	(Amounts in millions)					
Direct operating expenses						
Motion Picture	$ 255.7	62.8 %	$ 202.7	51.2 %	$ 53.0	26.1 %
Television Production	367.2	88.1	307.9	78.2	59.3	19.3 %
Other	5.3	nm	(0.1)	nm	5.4	nm
	$ 628.2	76.3 %	$ 510.5	64.6 %	$ 117.7	23.1 %

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nm - Percentage not meaningful.

Direct operating expenses increased in the three months ended September 30, 2024, due to higher direct operating expenses of the Television Production segment associated with higher Television Production revenues and higher direct operating expenses as a percentage of revenue of the Motion Picture segment driven by the performance and costs of the titles released in the quarter, in particular, *Borderlands* which resulted in higher direct operating cost in relation to revenue. See further discussion in the Segment Results of Operations section below.

Other. Other direct operating expense in the three months ended September 30, 2024 includes rent cost for production facilities that were unutilized as a result of the industry strikes amounting to $5.2 million, which was not allocated to the segments, and is included in direct operating expense.

Distribution and Marketing Expenses. Distribution and marketing expenses by segment were as follows for the three months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Change	
	2024	2023	Amount	Percent
	(Amounts in millions)			
Distribution and marketing expenses				
Motion Picture	$ 126.0	$ 99.0	$ 27.0	27.3 %
Television Production	8.0	8.5	(0.5)	(5.9)%
	$ 134.0	$ 107.5	$ 26.5	24.7 %
U.S. theatrical P&A and Premium VOD expense included in Motion Picture distribution and marketing expense	$ 90.7	$ 65.5	$ 25.2	38.5 %

Distribution and marketing expenses increased in the three months ended September 30, 2024 and primarily reflects higher Motion Picture theatrical P&A and Premium VOD expense associated with the theatrical slate releases in the current quarter. See further discussion in the Segment Results of Operations section below.

General and Administrative Expenses. General and administrative expenses by segment were as follows for the three months ended September 30, 2024 and 2023:

	Three Months Ended September 30,				Change	
	2024	% of Revenues	2023	% of Revenues	Amount	Percent
	(Amounts in millions)					
General and administrative expenses						
Motion Picture	$ 22.8		$ 26.7		$ (3.9)	(14.6)%
Television Production	17.0		14.3		2.7	18.9 %
Corporate allocations from Lionsgate, excluding allocation of share-based compensation expense	28.1		26.5		1.6	6.0 %
Share-based compensation expense	15.3		17.4		(2.1)	(12.1)%
Purchase accounting and related adjustments	1.7		2.2		(0.5)	(22.7)%
Total general and administrative expenses	$ 84.9	10.3 %	$ 87.1	11.0 %	$ (2.2)	(2.5)%

General and administrative expenses decreased in the three months ended September 30, 2024, resulting from decreased Motion Picture general and administrative expenses, share-based compensation expense and purchase accounting and related adjustments, partially offset by increased Television Production general and administrative expenses and corporate expenses. Studio Business general and administrative expenses for the three months ended September 30, 2024 included approximately $6.0 million from eOne. See further discussion in the Segment Results of Operations section below.

As discussed in *Components of Results of Operations*, following the Separation, the Shared Services Agreement facilitates the allocation of substantially all corporate general and administrative expenses to the Company. For periods prior to the Separation, the Company has been allocated a portion of Lionsgate's total corporate expenses which are included in general and administrative expenses. Corporate general and administrative expenses increased approximately $1.6 million, or 6.0%, primarily due to approximately $3.0 million of corporate general and administrative expenses from eOne.

Certain of our employees participate in the share-based compensation plans sponsored by Lionsgate. For periods prior to the Separation, Lionsgate share-based compensation awards granted to employees of the Company were reflected in parent net investment within the unaudited condensed consolidated statements of equity (deficit) at the time they are expensed in the unaudited condensed consolidated statements of operations. The following table presents share-based compensation expense by financial statement line item:

	Three Months Ended September 30,	
	2024	2023
	(Amounts in millions)	
Share-based compensation is comprised of:		
Studio employee share-based compensation expense	$ 8.6	$ 13.5
Allocation of Lionsgate corporate and shared employee share-based compensation expense	6.7	3.9
Total share-based compensation included in general and administrative expense	15.3	17.4
Restructuring and other[(1)]	4.6	—
Total share-based compensation expense	$ 19.9	$ 17.4

(1) 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.

Purchase accounting and related adjustments include the expense associated with the noncontrolling equity interests in the distributable earnings related to 3 Arts Entertainment, and the non-cash charge for the amortization of the recoupable portion of the purchase price related to 3 Arts Entertainment, all of which are accounted for as compensation and are included in general and administrative expense. 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 statement of operations due to the relationship to continued employment. Purchase accounting and related adjustments decreased $0.5 million, or 22.7%, primarily due to lower noncontrolling equity interests in the distributable earnings related to 3 Arts Entertainment of $0.5 million associated with a lower noncontrolling interest ownership percentage as a result of our acquisition of an additional interest in 3 Arts Entertainment (see Note 10 to our unaudited condensed consolidated financial statements).

Depreciation and Amortization Expense. Depreciation and amortization of $4.2 million in the three months ended September 30, 2024 increased $0.4 million from $3.8 million in the three months ended September 30, 2023.

Restructuring and Other. Restructuring and other increased $2.3 million in the three months ended September 30, 2024 as compared to the three months ended September 30, 2023, and includes restructuring and severance costs and certain transaction and other costs, when applicable. Restructuring and other costs were as follows for the three months ended September 30, 2024 and 2023 (see Note 15 to our unaudited condensed consolidated financial statements):

	Three Months Ended		Change	
	2024	2023	Amount	Percent
	(Amounts in millions)			
Restructuring and other:				
Other impairments[(1)]	$ 0.5	$ —	$ 0.5	n/a
Severance[(2)]	1.1	1.0	0.1	10.0 %
Transaction and other costs[(3)]	5.6	3.9	1.7	43.6 %
	$ 7.2	$ 4.9	$ 2.3	46.9 %

(1) Amounts in the three months ended September 30, 2024 include 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.

(2) Severance costs were primarily related to restructuring, acquisition integration activities and other cost-saving initiatives.

(3) Transaction and other costs in the three months ended September 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.

Interest Expense. Interest expense of $63.0 million in the three months ended September 30, 2024 increased $11.3 million from the three months ended September 30, 2023 due to higher average interest rates and balances on variable rate corporate debt and film related obligations, partially offset by a slightly larger benefit from the interest rate swaps. The following table sets forth the components of interest expense for the three months ended September 30, 2024 and 2023:

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023
	(Amounts in millions)	
Interest Expense		
Cash Based:		
Revolving credit facility(1)	$ 17.5	$ 8.3
Term loans(1)	18.0	23.5
IP credit facilities(2)	6.0	—
Other(3)	12.7	13.0
	54.2	44.8
Amortization of debt issuance costs and other non-cash interest(4)	8.8	6.9
Total interest expense	$ 63.0	$ 51.7

(1) Prior to the Separation, amounts reflect interest attributable to borrowings outstanding under Lionsgate's Credit Agreement (including the revolving credit facility, term loan A and term loan B). Subsequent to the Separation, amounts reflect interest attributable to borrowings outstanding under the Company's Intercompany Note with LGCH (see Note 7).

(2) IP credit facilities interest expense includes interest expense associated with the eOne IP Credit Facility and LG IP Credit Facility.

(3) Other interest expense includes payments associated with certain film related obligations (Production Tax Credit Facility, Film Library Facility, Backlog Facility and other, see Note 8 to our unaudited condensed consolidated financial statements), and payments and receipts associated with the Company's interest rate swaps (see Note 18 to our unaudited condensed consolidated financial statements).

(4) Amounts include the amortization of unrealized losses in accumulated other comprehensive income (loss) related to de-designated interest rate swaps which are being amortized to interest expense (see Note 18 to our unaudited condensed consolidated financial statements).

Interest and Other Income. Interest and other income of $3.3 million for the three months ended September 30, 2024 increased as compared to interest and other income of $2.9 million for the three months ended September 30, 2023 due to higher interest income.

Other Expense. Other expense of $13.8 million for the three months ended September 30, 2024 increased as compared to other expense of $10.0 million for the three months ended September 30, 2023. The increase is primarily due to realized and unrealized foreign currency losses in the three months ended September 30, 2024, offset by a decrease in the loss recorded related to our monetization of accounts receivable programs in the three months ended September 30, 2024 as compared to the three months ended September 30, 2023 (see Note 19 to our unaudited condensed consolidated financial statements).

Loss on Extinguishment of Debt. Loss on extinguishment of debt of $0.5 million in the three months ended September 30, 2024 related to the write-off of debt issuance costs associated with the voluntary prepayment of $355.1 million principal amount of the LGTV Term Loan B. There was no comparable loss on extinguishment of debt in the three months ended September 30, 2023. See Note 7 to our unaudited condensed consolidated financial statements.

Loss on Investments, net. Loss on investments, net was nil for the three months ended September 30, 2024, as compared to $1.6 million for the three months ended September 30, 2023.

Equity Interests Income (Loss). Equity interests loss of $0.1 million in the three months ended September 30, 2024 compared to equity interests income of $1.8 million in the three months ended September 30, 2023 due to lower income generated by our equity method investees.

Income Tax Provision. The Company had an income tax provision of $5.1 million and an effective tax rate of (4.7)% in the three months ended September 30, 2024, compared to an income tax provision and effective tax rate of $3.9 million and 22.4%, respectively, for the three months ended September 30, 2023. Our income tax expense and effective income tax rates for the three months ended September 30, 2024 and 2023 differed from the U.S. federal statutory corporate income tax rate of 21% multiplied by income (loss) before taxes due to the mix of our earnings across the various jurisdictions in which our operations are conducted, changes in valuation allowances against our deferred tax assets, certain minimum income and foreign withholding taxes, charges for interest on uncertain tax benefits, and benefits from the releases of reserves for uncertain tax benefits due to the close of audits or expirations of statutes of limitations.

Net Income (Loss) Attributable to Lionsgate Studios Corp. Shareholders Net loss attributable to our shareholders for the three months ended September 30, 2024 was $113.4 million, or basic and diluted net loss per common share of $0.39 on 288.7 million weighted average common shares outstanding. This compares to net income attributable to our shareholders for the three months ended September 30, 2023 of $15.2 million, or basic and diluted net income per common share of $0.06 on 253.4 million weighted average common shares outstanding.

Segment Results of Operations and Non-GAAP Measures

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 when presented in accordance with ASC 280 within the notes to the consolidated financial statements is a GAAP financial measure and is disclosed in Note 16 to our unaudited condensed consolidated financial statements.

We also present below our total segment profit for all of our segments. Total segment profit, when presented outside of the segment information and reconciliations included in Note 16 to our unaudited condensed 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 U.S. 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.

The following table reconciles the GAAP measure, operating income (loss), to the non-GAAP measure, total segment profit, for the three months ended September 30, 2024 and 2023. In addition, each of segment direct operating expense, distribution and marketing expense and general and administrative expense is reconciled to the respective line items presented in the GAAP-based statement of operations in the preceding section of the *Management's Discussion and Analysis of Financial Condition and Results of Operations* which discusses consolidated results of operations.

	Three Months Ended September 30,		Change	
	2024	2023	Amount	Percent
	(Amounts in millions)			
Operating income (loss)	$ (34.8)	$ 76.0	$ (110.8)	(145.8)%
Corporate general and administrative expense allocations from Lionsgate, excluding allocation of share-based compensation expense	28.1	26.5	1.6	6.0 %
Adjusted depreciation and amortization	3.2	2.4	0.8	33.3 %
Restructuring and other	7.2	4.9	2.3	46.9 %
COVID-19 related charges (benefit)	—	(0.5)	0.5	(100.0)%
Content charges	—	0.4	(0.4)	(100.0)%
Unallocated rent cost included in direct operating expense	5.2	—	5.2	n/a
Adjusted share-based compensation expense	15.3	17.4	(2.1)	(12.1)%
Purchase accounting and related adjustments	2.8	3.6	(0.8)	(22.2)%
Total segment profit	$ 27.0	$ 130.7	$ (103.7)	(79.3)%

nm - Percentage not meaningful.

See Note 16 to our unaudited condensed consolidated financial statements for further information on the reconciling line items above, and for reconciliations of depreciation and amortization and share-based compensation expense as presented on our unaudited condensed consolidated statements of operations to adjusted depreciation and amortization and adjusted share-based compensation expense, respectively, as presented in the line items above.

The table below sets forth the revenues and segment profit by segment:

	Three Months Ended September 30,		Change	
	2024	2023	Amount	Percent
	(Amounts in millions)			
Revenue				
Motion Picture	$ 407.1	$ 395.9	$ 11.2	2.8 %
Television Production	416.6	393.9	22.7	5.8 %
	$ 823.7	$ 789.8	$ 33.9	4.3 %
Segment Profit				
Motion Picture	$ 2.6	$ 67.5	$ (64.9)	(96.1)%
Television Production	24.4	63.2	(38.8)	(61.4)%
Total Segment Profit	$ 27.0	$ 130.7	$ (103.7)	(79.3)%

See the following discussion for further detail of our individual segments.

Motion Picture

The table below sets forth Motion Picture gross contribution and segment profit for the three months ended September 30, 2024 and 2023:

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Change Amount	Change Percent
	(Amounts in millions)			
Motion Picture Segment:				
Revenue	$ 407.1	$ 395.9	$ 11.2	2.8 %
Expenses:				
Direct operating expense	255.7	202.7	53.0	26.1 %
Distribution & marketing expense	126.0	99.0	27.0	27.3 %
Gross contribution	25.4	94.2	(68.8)	(73.0)%
General and administrative expenses	22.8	26.7	(3.9)	(14.6)%
Segment profit	$ 2.6	$ 67.5	$ (64.9)	(96.1)%
U.S. theatrical P&A and Premium VOD expense included in distribution and marketing expense	$ 90.7	$ 65.5	$ 25.2	38.5 %
Direct operating expense as a percentage of revenue	62.8 %	51.2 %		
Gross contribution as a percentage of revenue	6.2 %	23.8 %		

Revenue. The table below sets forth Motion Picture revenue by media and product category for the three months ended September 30, 2024 and 2023. Motion Picture revenues for the three months ended September 30, 2024 included approximately $15.6 million of revenues from eOne.

	2024 Lionsgate Original Releases[1]	2024 Other Film[2]	2024 Total	2023 Lionsgate Original Releases[1]	2023 Other Film[2]	2023 Total	Total Increase (Decrease)
	(Amounts in millions)						
Motion Picture Revenue							
Theatrical	$ 18.1	$ 2.0	$ 20.1	$ 27.1	$ 1.1	$ 28.2	$ (8.1)
Home Entertainment							
Digital Media	72.1	42.4	114.5	115.1	50.6	165.7	(51.2)
Packaged Media	6.3	6.2	12.5	11.7	4.4	16.1	(3.6)
Total Home Entertainment	78.4	48.6	127.0	126.8	55.0	181.8	(54.8)
Television	98.4	10.3	108.7	92.0	8.8	100.8	7.9
International	129.2	18.8	148.0	65.7	14.0	79.7	68.3
Other	2.5	0.8	3.3	2.5	2.9	5.4	(2.1)
	$ 326.6	$ 80.5	$ 407.1	$ 314.1	$ 81.8	$ 395.9	$ 11.2

(1) **Lionsgate Original Releases:** Includes titles originally planned for a wide theatrical release by Lionsgate, including titles that have changed from a planned wide theatrical release to an initial direct-to-streaming release. These releases include films developed and produced in-house, films co-developed and co-produced and films acquired or licensed from third parties. In addition, Lionsgate Original Releases also includes multi-platform and direct-to-platform motion pictures originally released or licensed by Lionsgate, and the licensing of our original release motion picture content to other ancillary markets (location-based entertainment, games, etc.).

(2) **Other Film:** Includes acquired and licensed brands and libraries originally released by other parties such as third-party library product, including our titles released by acquired companies prior to our acquisition of the company (i.e., Summit Entertainment library), and titles released with our equity method investees, Roadside Attractions and Pantelion Films, and other titles.

Theatrical revenue decreased $8.1 million in the three months ended September 30, 2024 as compared to the three months ended September 30, 2023 due to a decrease of $9.0 million from Lionsgate Original Releases due to greater revenue generated from the fiscal 2024 theatrical slate titles in the prior year as compared to the fiscal 2025 theatrical slate titles in the current year.

Home entertainment revenue decreased $54.8 million, or 30.1%, in the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, due to lower digital media revenue of $51.2 million primarily due to decreases from Lionsgate Original Releases. Digital media revenue from Lionsgate Original Releases declined $43.0 million due to digital media revenue in the prior year’s quarter from our fiscal 2023 and prior theatrical slate titles, and in particular, *John Wick: Chapter 4* and *Jesus Revolution*, which compared to lower revenue in the current quarter from our fiscal 2024 and prior theatrical slate titles. The decrease in digital media revenue was also due to a decrease from Other Film of $8.2 million from our acquired library titles.

Television revenue increased $7.9 million, or 7.8%, in the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, due to an increase from Lionsgate Original Releases of $6.4 million due to a greater number of television windows opening in the current quarter for our theatrical slate titles.

International revenue increased $68.3 million, or 85.7% in the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, due to an increase from Lionsgate Original Releases of $63.5 million driven by higher revenue generated from our fiscal 2025 theatrical slate, and in particular, *Borderlands*, as compared to our fiscal 2024 theatrical slate, and increased revenue from multi-platform releases, and in particular, *The Killer’s Game*. In addition, the increase in international revenue was also due to an increase from Other Film of $4.8 million from our acquired library titles.

Direct Operating Expense. The increase in direct operating expenses is due to greater direct operating expenses as a percentage of motion picture revenue as compared to the prior year's quarter, driven by the change in the mix of titles and product categories generating revenue. In particular, the increase was driven by the performance and cost of the titles released in the quarter, including *Borderlands,* which had a higher amortization rate as compared to the titles released in the prior year's quarter. Investment in film write-downs included in Motion Picture segment direct operating expense were $18.3 million in the three months ended September 30, 2024, compared to approximately $26.8 million in the three months ended September 30, 2023.

Distribution and Marketing Expense. The increase in distribution and marketing expense in the three months ended September 30, 2024 is due to higher theatrical P&A and Premium VOD expense due to higher expense associated with the theatrical slate releases in the current quarter. In the three months ended September 30, 2024, approximately $15.4 million of theatrical P&A and Premium VOD expense was incurred in advance for films to be released in subsequent quarters, compared to approximately $15.2 million in the prior year’s quarter in the Motion Picture segment.

Gross Contribution. Gross contribution of the Motion Picture segment for the three months ended September 30, 2024 decreased as compared to the three months ended September 30, 2023, due to the negative contribution of the theatrical slate titles released in the quarter, including *Borderlands*, as a result of higher direct operating expense as a percentage of revenue, and higher theatrical P&A and Premium VOD expense. These decreases in gross contribution were partially offset by increased Motion Picture revenue.

General and Administrative Expense. General and administrative expenses of the Motion Picture segment decreased $3.9 million, or 14.6%, primarily due to a decrease in incentive based compensation.

Television Production

The table below sets forth Television Production gross contribution and segment profit for the three months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Change	
	2024	2023	Amount	Percent
	(Amounts in millions)			
Television Production Segment:				
Revenue	$ 416.6	$ 393.9	$ 22.7	5.8 %
Expenses:				
Direct operating expense	367.2	307.9	59.3	19.3 %
Distribution & marketing expense	8.0	8.5	(0.5)	(5.9)%
Gross contribution	41.4	77.5	(36.1)	(46.6)%
General and administrative expenses	17.0	14.3	2.7	18.9 %
Segment profit	$ 24.4	$ 63.2	$ (38.8)	(61.4)%
Direct operating expense as a percentage of revenue	88.1 %	78.2 %		
Gross contribution as a percentage of revenue	9.9 %	19.7 %		

Revenue. The table below sets forth Television Production revenue and changes in revenue by media for the three months ended September 30, 2024 and 2023. Television Production revenues for the three months ended September 30, 2024 included approximately $111.1 million of revenues from eOne.

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Change Amount	Change Percent
	(Amounts in millions)			
Television Production Revenue				
Television	$ 313.1	$ 221.8	$ 91.3	41.2 %
International	49.7	73.6	(23.9)	(32.5)%
Home Entertainment				
Digital	34.3	84.2	(49.9)	(59.3)%
Packaged Media	0.5	0.3	0.2	66.7 %
Total Home Entertainment	34.8	84.5	(49.7)	(58.8)%
Other	19.0	14.0	5.0	35.7 %
	$ 416.6	$ 393.9	$ 22.7	5.8 %

The primary component of Television Production revenue is domestic television revenue. Domestic television revenue increased in the three months ended September 30, 2024 due to an increase of approximately $91.3 million for revenues from eOne in the current quarter, and an increase of $27.1 million from the licensing of Starz original series to Starz Networks, partially offset by a decrease from reality television programs and other third-party domestic television revenue.

International revenue in the three months ended September 30, 2024 decreased $23.9 million, or 32.5% as compared to the three months ended September 30, 2023 due to a decrease of $15.0 million from revenues from the licensing of Starz original series to Starz Networks, and lower third-party revenue of approximately $10.2 million.

Home entertainment revenue in the three months ended September 30, 2024 decreased $49.7 million due to decreased third-party digital media revenues, and in particular, digital media revenue in the prior year's quarter for *The Continental*, partially offset by increased revenue from the licensing of Starz original series to Starz Networks.

Other revenue increased $5.0 million in the three months ended September 30, 2024 as compared to the three months ended September 30, 2023, and primarily reflects revenue of 3 Arts Entertainment, which is generated from commissions and executive producer fees earned related to talent management.

Direct Operating Expense. Direct operating expense of the Television Production segment in the three months ended September 30, 2024 increased $59.3 million, or 19.3%, due to the increase in Television Production revenues. Direct operating expenses as a percentage of television production revenue increased primarily due to the mix of titles generating revenue in the current quarter as compared to the prior year's quarter, and in particular, the prior year's quarter included significant revenue from *The Continental* which has a lower amortization rate as compared to the current quarter.

Gross Contribution. Gross contribution of the Television Production segment for the three months ended September 30, 2024 decreased as compared to the three months ended September 30, 2023, due to lower television production revenue and higher direct operating expenses as a percentage of television production revenue.

General and Administrative Expense. General and administrative expenses of the Television Production segment increased $2.7 million, or 18.9%. Television Production general and administrative expenses for the three months ended September 30, 2024 included $5.0 million from eOne.

Six Months Ended September 30, 2024 Compared to Six Months Ended September 30, 2023

Consolidated Results of Operations

The following table sets forth our consolidated results of operations for the six months ended September 30, 2024 and 2023. Due to the acquisition of eOne, the six months ended September 30, 2024 includes the results of operations of eOne (acquired December 27, 2023), see Note 3 to our unaudited condensed consolidated financial statements for further details.

	Six Months Ended September 30,		Change	
	2024	2023	Amount	Percent
	(Amounts in millions)			
Revenues				
Studio Business				
Motion Picture [1]	$ 754.0	$ 802.5	$ (48.5)	(6.0)%
Television Production [2]	658.0	612.4	45.6	7.4 %
Total revenues	1,412.0	1,414.9	(2.9)	(0.2)%
Expenses:				
Direct operating	983.8	872.5	111.3	12.8 %
Distribution and marketing	226.6	236.9	(10.3)	(4.3)%
General and administration	177.0	175.5	1.5	0.9 %
Depreciation and amortization	8.8	8.0	0.8	10.0 %
Restructuring and other	34.9	9.0	25.9	287.8 %
Total expenses	1,431.1	1,301.9	129.2	9.9 %
Operating income (loss)	(19.1)	113.0	(132.1)	(116.9)%
Interest expense	(121.6)	(101.6)	(20.0)	19.7 %
Interest and other income	8.4	5.1	3.3	64.7 %
Other expense	(15.2)	(13.7)	(1.5)	10.9 %
Loss on extinguishment of debt	(1.5)	—	(1.5)	n/a
Loss on investments, net	—	(1.7)	1.7	(100.0)%
Equity interests income	0.8	1.5	(0.7)	nm
Income (loss) before income taxes	(148.2)	2.6	(150.8)	nm
Income tax provision	(10.1)	(10.4)	0.3	(2.9)%
Net loss	(158.3)	(7.8)	(150.5)	nm
Less: Net loss attributable to noncontrolling interests	1.5	2.5	(1.0)	(40.0)%
Net loss attributable to Lionsgate Studios Corp. shareholders	$ (156.8)	$ (5.3)	$ (151.5)	nm

nm - Percentage not meaningful.

(1) Motion Picture revenues for the six months ended September 30, 2024 and 2023, includes $136.3 million and $77.1 million, respectively, of revenues from licensing Motion Picture segment product to the Starz Business.

(2) Television Production revenues for the six months ended September 30, 2024 and 2023, includes $189.4 million and $211.3 million, respectively, of revenues from licensing Television Production segment product to the Starz Business.

Revenues. Consolidated revenues decreased $2.9 million in the six months ended September 30, 2024 reflecting decreased revenue in the Motion Picture segment, offset by increased revenue in the Television Production segment.

Motion Picture revenue decreased $48.5 million due to lower home entertainment and theatrical revenue, primarily due to revenue in the prior year's period from *John Wick: Chapter 4*, partially offset by increased international and television revenue. Motion Picture revenues for the six months ended September 30, 2024 included approximately $40.4 million of revenues from eOne Motion Picture revenue included $136.3 million of revenue from licensing Motion Picture segment product to the Starz Business, representing an increase of $59.2 million from the six months ended September 30, 2023.

Television Production revenue increased $45.6 million due to the inclusion of revenue from eOne of $187.9 million, offset by lower home entertainment digital and international revenue. Television Production revenue included $189.4 million of revenue from licensing Television Production segment product to the Starz Business, representing a decrease of $21.9 million from the six months ended September 30, 2023.

See further discussion in the Segment Results of Operations section below.

Direct Operating Expenses. Direct operating expenses by segment were as follows for the six months ended September 30, 2024 and 2023:

	Six Months Ended September 30,				Change	
	2024		2023			
	Amount	% of Segment Revenues	Amount	% of Segment Revenues	Amount	Percent
	(Amounts in millions)					
Direct operating expenses						
Motion Picture	$ 405.9	53.8 %	$ 389.3	48.5 %	$ 16.6	4.3 %
Television Production	569.5	86.6	482.8	78.8	86.7	18.0 %
Other	8.4	nm	0.4	nm	8.0	nm
	$ 983.8	69.7 %	$ 872.5	61.7 %	$ 111.3	12.8 %

nm - Percentage not meaningful.

Direct operating expenses increased in the six months ended September 30, 2024, due to higher direct operating expenses of the Television Production segment due to increased revenues from Television Production and higher direct operating expenses as a percentage of revenue of the Motion Picture segment driven by the performance and costs of the titles released in the quarter, in particular, *Borderlands,* which resulted in higher direct operating cost in relation to revenue. See further discussion in the Segment Results of Operations section below.

Other. Other direct operating expense in the six months ended September 30, 2024 includes rent cost for production facilities that were unutilized as a result of the industry strikes amounting to $10.5 million, which was not allocated to the segments, and is included in direct operating expense. In addition, other direct operating expense in the six months ended September 30, 2024 and 2023 includes COVID related charges, if any, net of insurance recoveries.

Distribution and Marketing Expenses. Distribution and marketing expenses by segment were as follows for the six months ended September 30, 2024 and 2023:

	Six Months Ended September 30,			
	2024	2023	Amount	Percent
	(Amounts in millions)			
Distribution and marketing expenses				
Motion Picture	$ 208.1	$ 220.3	$ (12.2)	(5.5)%
Television Production	18.5	16.6	1.9	11.4 %
	$ 226.6	$ 236.9	$ (10.3)	(4.3)%
U.S. theatrical P&A and Premium VOD expense included in Motion Picture distribution and marketing expense	$ 142.0	$ 149.9	$ (7.9)	(5.3)%

Distribution and marketing expenses decreased in the six months ended September 30, 2024 and primarily reflects lower Motion Picture theatrical P&A and Premium VOD expense associated with the theatrical slate releases in the current period. See further discussion in the Segment Results of Operations section below.

General and Administrative Expenses. General and administrative expenses by segment were as follows for the six months ended September 30, 2024 and 2023:

	Six Months Ended September 30,				Change	
	2024	% of Revenues	2023	% of Revenues	Amount	Percent
	(Amounts in millions)					
General and administrative expenses						
Motion Picture	$ 51.3		$ 56.1		$ (4.8)	(8.6)%
Television Production	34.8		27.0		7.8	28.9 %
Corporate allocations from Lionsgate, excluding allocation of share-based compensation expense	59.2		51.0		8.2	16.1 %
Share-based compensation expense	27.9		29.0		(1.1)	(3.8)%
Purchase accounting and related adjustments	3.8		12.4		(8.6)	(69.4)%
Total general and administrative expenses	$ 177.0	12.5 %	$ 175.5	12.4 %	$ 1.5	0.9 %

General and administrative expenses increased in the six months ended September 30, 2024, resulting from increased Television Production and corporate general and administrative expenses, partially offset by decreased purchase accounting and related adjustments, Motion Picture general and administrative expenses and share-based compensation expense. Studio Business general and administrative expenses for the six months ended September 30, 2024 included approximately $13.0 million from eOne. See further discussion in the Segment Results of Operations section below.

As discussed in *Components of Results of Operations*, following the Separation, the Shared Services Agreement facilitates the allocation of substantially all corporate general and administrative expenses to the Company. For periods prior to the Separation, the Company has been allocated a portion of Lionsgate's total corporate expenses which are included in general and administrative expenses. Corporate general and administrative expenses increased approximately $8.2 million, or 16.1%, primarily due to approximately $6.0 million of corporate general and administrative expenses from eOne.

Certain of our employees participate in the share-based compensation plans sponsored by Lionsgate. For periods prior to the Separation, Lionsgate share-based compensation awards granted to employees of the Company were reflected in parent net investment within the unaudited condensed consolidated statements of equity (deficit) at the time they are expensed in the unaudited condensed consolidated statements of operations. The following table presents share-based compensation expense by financial statement line item:

	Six Months Ended September 30,	
	2024	2023
	(Amounts in millions)	
Share-based compensation is comprised of:		
Studio employee share-based compensation expense	$ 17.0	$ 21.4
Allocation of Lionsgate corporate and shared employee share-based compensation expense	10.9	7.6
Total share-based compensation included in general and administrative expense	27.9	29.0
Restructuring and other[(1)]	4.6	0.5
Total share-based compensation expense	$ 32.5	$ 29.5

(1) 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.

Purchase accounting and related adjustments include the expense associated with the noncontrolling equity interests in the distributable earnings related to 3 Arts Entertainment, and the non-cash charge for the amortization of the recoupable portion of the purchase price related to 3 Arts Entertainment, all of which are accounted for as compensation and are included in general and administrative expense. 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 statement of operations due to the relationship to continued employment. Purchase accounting and related adjustments decreased $8.6 million, or 69.4%, primarily due to lower noncontrolling equity interests in the distributable earnings related to 3 Arts Entertainment of $7.1 million associated with a lower noncontrolling interest ownership percentage as a result of our acquisition of an additional interest in 3 Arts Entertainment (see Note 10 to our unaudited condensed consolidated financial statements). In addition, purchase accounting and related adjustments decreased due to lower amortization of the recoupable portion of the purchase price of 3 Arts Entertainment of $1.3 million, due to the amortization period ending in May 2023.

Depreciation and Amortization Expense. Depreciation and amortization of $8.8 million for the six months ended September 30, 2024 increased $0.8 million from $8.0 million in the six months ended September 30, 2023.

Restructuring and Other. Restructuring and other increased $25.9 million in the six months ended September 30, 2024 as compared to the six months ended September 30, 2023, and includes restructuring and severance costs and certain transaction and other costs, when applicable. Restructuring and other costs were as follows for the six months ended September 30, 2024 and 2023 (see Note 15 to our unaudited condensed consolidated financial statements):

	Six Months Ended September 30,		Change	
	2024	2023	Amount	Percent
	(Amounts in millions)			
Restructuring and other:				
Other impairments[(1)]	$ 18.5	$ —	$ 18.5	n/a
Severance[(2)]	4.1	3.5	0.6	17.1 %
Transaction and other costs[(3)]	12.3	5.5	6.8	123.6 %
	$ 34.9	$ 9.0	$ 25.9	287.8 %

nm - Percentage not meaningful.

(1) Amounts in the six months ended September 30, 2024 include 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.

(2) Severance costs were primarily related to restructuring, acquisition integration activities and other cost-saving initiatives.

(3) Transaction and other costs in the six months ended September 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.

Interest Expense. Interest expense of $121.6 million in the six months ended September 30, 2024 increased $20.0 million from the six months ended September 30, 2023 due to higher average interest rates and balances on variable rate corporate debt and film related obligations, partially offset by a slightly larger benefit from the interest rate swaps. The following table sets forth the components of interest expense for the six months ended September 30, 2024 and 2023:

	Six Months Ended September 30,	
	2024	2023
	(Amounts in millions)	
Interest Expense		
Cash Based:		
Revolving credit facility[1]	$ 31.5	$ 17.8
Term loans[1]	38.7	43.9
IP credit facilities[2]	6.0	—
Other[3]	28.7	27.0
	104.9	88.7
Amortization of debt issuance costs and other non-cash interest[4]	16.7	12.9
Total interest expense	$ 121.6	$ 101.6

(1) Prior to the Separation, amounts reflect interest attributable to borrowings outstanding under Lionsgate's Credit Agreement (including the revolving credit facility, term loan A and term loan B). Subsequent to the Separation, amounts reflect interest attributable to borrowings outstanding under the Company's Intercompany Note with LGCH (see Note 7).

(2) IP credit facilities interest expense includes interest expense associated with the eOne IP Credit Facility and LG IP Credit Facility.

(3) Other interest expense includes payments associated with certain film related obligations (Production Tax Credit Facility, Film Library Facility, Backlog Facility and other, see Note 8 to our unaudited condensed consolidated financial statements), and payments and receipts associated with the Company's interest rate swaps (see Note 18 to our unaudited condensed consolidated financial statements).

(4) Amounts include the amortization of unrealized losses in accumulated other comprehensive income (loss) related to de-designated interest rate swaps which are being amortized to interest expense (see Note 18 to our unaudited condensed consolidated financial statements).

Interest and Other Income. Interest and other income of $8.4 million for the six months ended September 30, 2024 increased as compared to interest and other income of $5.1 million for the six months ended September 30, 2023 due to higher interest income.

Other Expense. Other expense of $15.2 million for the six months ended September 30, 2024 increased as compared to other expense of $13.7 million for the six months ended September 30, 2023. The increase is primarily due to realized and unrealized foreign currency losses in the six months ended September 30, 2024, offset by a decrease in the loss recorded related to our monetization of accounts receivable programs in the six months ended September 30, 2024 as compared to the six months ended September 30, 2023 (see Note 19 to our unaudited condensed consolidated financial statements).

Loss on Extinguishment of Debt. Loss on extinguishment of debt of $1.5 million for the six months ended September 30, 2024 related to the write-off of debt issuance costs associated with the September 2024 voluntary prepayment of $355.1 million principal amount of the LGTV Term Loan B and the May 2024 voluntary prepayment of $84.9 million principal amount of the LGTV Term Loan A and $214.1 million of the LGTV Term Loan B. See Note 7 to our unaudited condensed consolidated financial statements.

There was no comparable loss on extinguishment of debt in the six months ended September 30, 2023.

Loss on Investments, net. Loss on investments, net was nil for the six months ended September 30, 2024, as compared to $1.7 million for the six months ended September 30, 2023.

Equity Interests Income. Equity interests income of $0.8 million in the six months ended September 30, 2024 compared to equity interests income of $1.5 million in the six months ended September 30, 2023 due to lower income generated by our equity method investees.

Income Tax Provision. The Company had an income tax provision of $10.1 million and an effective tax rate of (6.8)% in the six months ended September 30, 2024, compared to an income tax provision and effective tax rate of $10.4 million and 400.0%, respectively, for the six months ended September 30, 2023. Our income tax expense and effective income tax rates for the six months ended September 30, 2024 and 2023 differed from the U.S. federal statutory corporate income tax rate of 21% multiplied by income (loss) before taxes due to the mix of our earnings across the various jurisdictions in which our operations are conducted, changes in valuation allowances against our deferred tax assets, certain minimum income and foreign withholding taxes, charges for interest on uncertain tax benefits, and benefits from the releases of reserves for uncertain tax benefits due to the close of audits or expirations of statutes of limitations.

Net Loss Attributable to Lionsgate Studios Corp. Shareholders Net loss attributable to our shareholders for the six months ended September 30, 2024 was $156.8 million, or basic and diluted net loss per common share of $0.56 on 280.6 million weighted average common shares outstanding. This compares to net loss attributable to our shareholders for the six months ended September 30, 2023 of $5.3 million, or basic and diluted net loss per common share of $0.02 on 253.4 million weighted average common shares outstanding.

Segment Results of Operations and Non-GAAP Measures

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 when presented in accordance with ASC 280 within the notes to the consolidated financial statements is a GAAP financial measure and is disclosed in Note 16 to our unaudited condensed consolidated financial statements.

We also present below our total segment profit for all of our segments. Total segment profit, when presented outside of the segment information and reconciliations included in Note 16 to our unaudited condensed 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 U.S. 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.

The following table reconciles the GAAP measure, operating income (loss), to the non-GAAP measure, total segment profit, for the six months ended September 30, 2024 and 2023. In addition, each of segment direct operating expense, distribution and marketing expense and general and administrative expense is reconciled to the respective line items presented in the GAAP-based statement of operations in the preceding section of the *Management’s Discussion and Analysis of Financial Condition and Results of Operations* which discusses consolidated results of operations.

	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023	Change Amount	Change Percent
	(Amounts in millions)			
Operating income (loss)	$ (19.1)	$ 113.0	$ (132.1)	(116.9)%
Corporate general and administrative expense allocations from Lionsgate, excluding allocation of share-based compensation expense	59.2	51.0	8.2	16.1 %
Adjusted depreciation and amortization	6.7	5.2	1.5	28.8 %
Restructuring and other	34.9	9.0	25.9	287.8 %
COVID-19 related charges (benefit)	(2.1)	(0.4)	(1.7)	nm
Content charges	—	0.8	(0.8)	(100.0)%
Unallocated rent cost included in direct operating expense	10.5	—	10.5	n/a
Adjusted share-based compensation expense	27.9	29.0	(1.1)	(3.8)%
Purchase accounting and related adjustments	5.9	15.2	(9.3)	(61.2)%
Total segment profit	$ 123.9	$ 222.8	$ (98.9)	(44.4)%

nm - Percentage not meaningful.

See Note 16 to our unaudited condensed consolidated financial statements for further information on the reconciling line items above, and for reconciliations of depreciation and amortization and share-based compensation expense as presented on our unaudited condensed consolidated statements of operations to adjusted depreciation and amortization and adjusted share-based compensation expense, respectively, as presented in the line items above.

The table below sets forth the revenues and segment profit by segment:

	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023	Change Amount	Change Percent
	(Amounts in millions)			
Revenue				
Motion Picture	$ 754.0	$ 802.5	$ (48.5)	(6.0)%
Television Production	658.0	612.4	45.6	7.4 %
	$ 1,412.0	$ 1,414.9	$ (2.9)	(0.2)%
Segment Profit				
Motion Picture	$ 88.7	$ 136.8	$ (48.1)	(35.2)%
Television Production	35.2	86.0	(50.8)	(59.1)%
Total Segment Profit	$ 123.9	$ 222.8	$ (98.9)	(44.4)%

See the following discussion for further detail of our individual segments.

Motion Picture

The table below sets forth Motion Picture gross contribution and segment profit for the six months ended September 30, 2024 and 2023:

	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023	Change Amount	Change Percent
	(Amounts in millions)			
Motion Picture Segment:				
Revenue	$ 754.0	$ 802.5	$ (48.5)	(6.0)%
Expenses:				
Direct operating expense	405.9	389.3	16.6	4.3 %
Distribution & marketing expense	208.1	220.3	(12.2)	(5.5)%
Gross contribution	140.0	192.9	(52.9)	(27.4)%
General and administrative expenses	51.3	56.1	(4.8)	(8.6)%
Segment profit	$ 88.7	$ 136.8	$ (48.1)	(35.2)%
U.S. theatrical P&A and Premium VOD expense included in distribution and marketing expense	$ 142.0	$ 149.9	$ (7.9)	(5.3)%
Direct operating expense as a percentage of revenue	53.8 %	48.5 %		
Gross contribution as a percentage of revenue	18.6 %	24.0 %		

Revenue. The table below sets forth Motion Picture revenue by media and product category for the six months ended September 30, 2024 and 2023. Motion Picture revenues for the six months ended September 30, 2024 included approximately $40.4 million of revenues from eOne.

	Six Months Ended September 30, 2024			2023			
	Lionsgate Original Releases(1)	Other Film(2)	Total	Lionsgate Original Releases(1)	Other Film(2)	Total	Total Increase (Decrease)
	(Amounts in millions)						
Motion Picture Revenue							
Theatrical	$ 53.5	$ 2.6	$ 56.1	$ 92.3	$ 1.8	$ 94.1	$ (38.0)
Home Entertainment							
Digital Media	172.4	82.2	254.6	246.4	93.4	339.8	(85.2)
Packaged Media	12.9	8.9	21.8	32.6	9.4	42.0	(20.2)
Total Home Entertainment	185.3	91.1	276.4	279.0	102.8	381.8	(105.4)
Television	180.7	16.0	196.7	134.3	15.0	149.3	47.4
International	176.9	39.1	216.0	139.8	20.9	160.7	55.3
Other	5.1	3.7	8.8	12.2	4.4	16.6	(7.8)
	$ 601.5	$ 152.5	$ 754.0	$ 657.6	$ 144.9	$ 802.5	$ (48.5)

(1) **Lionsgate Original Releases:** Includes titles originally planned for a wide theatrical release by Lionsgate, including titles that have changed from a planned wide theatrical release to an initial direct-to-streaming release. These releases include films developed and produced in-house, films co-developed and co-produced and films acquired or licensed from third parties. In addition, Lionsgate Original Releases also includes multi-platform and direct-to-platform motion pictures originally released or licensed by Lionsgate, and the licensing of our original release motion picture content to other ancillary markets (location-based entertainment, games, etc.).

(2) **Other Film:** Includes acquired and licensed brands and libraries originally released by other parties such as third-party library product, including our titles released by acquired companies prior to our acquisition of the company (i.e., Summit Entertainment library), and titles released with our equity method investees, Roadside Attractions and Pantelion Films, and other titles.

Theatrical revenue decreased $38.0 million in the six months ended September 30, 2024 as compared to the six months ended September 30, 2023 due to a decrease of $38.8 million from Lionsgate Original Releases due to revenue in the prior year's period from the fiscal 2023 theatrical slate release, *John Wick:Chapter 4*, partially offset by increased revenue from multi-platform releases in the current period, and in particular, *The Strangers: Chapter 1*.

Home entertainment revenue decreased $105.4 million, or 27.6%, in the six months ended September 30, 2024, as compared to the six months ended September 30, 2023, due to lower digital media revenue of $85.2 million primarily due to decreases from Lionsgate Original Releases. Digital media revenue from Lionsgate Original Releases declined $74.0 million due to revenue in the prior year's period from our fiscal 2023 and prior theatrical slate titles, and in particular, *John Wick: Chapter 4* and *Jesus Revolution,* which compared to lower revenue in the current period from our fiscal 2024 and prior theatrical slate titles. This decrease in digital media revenue was partially offset by increased digital media revenue in the current period from our fiscal 2025 theatrical slate title, *The Ministry of Ungentlemanly Warfare.* In addition, the decrease in home entertainment revenue was also due to lower packaged media revenue of $20.2 million primarily due to revenue in the prior year's period for *John Wick:Chapter 4.*

Television revenue increased $47.4 million, or 31.7%, in the six months ended September 30, 2024, as compared to the six months ended September 30, 2023 due to an increase from Lionsgate Original Releases of $46.4 million due to a greater number of television windows opening in the current period for our theatrical slate titles, and higher revenue recognized for those titles, and in particular, *The Hunger Games: The Ballad of Songbirds & Snakes.*

International revenue increased $55.3 million, or 34.4% in the six months ended September 30, 2024, as compared to the six months ended September 30, 2023 due to an increase from Lionsgate Original Releases of $37.1 million driven by higher revenue generated from our fiscal 2025 theatrical slate, and in particular, *Borderlands*, as compared to our fiscal 2024 theatrical slate, and increased revenue from multi-platform releases, and in particular, *The Killer's Game,* offset by revenue in the prior year's period for *John Wick: Chapter 4.* In addition, the increase in international revenue was also due to an increase from Other Film of $18.2 million from our acquired library titles.

Direct Operating Expense. The increase in direct operating expenses is due to greater direct operating expenses as a percentage of motion picture revenue as compared to the prior year's period, driven by the change in the mix of titles and product categories generating revenue. In particular, the increase was driven by the performance and cost of the titles released in the period, including *Borderlands*, which had a higher amortization rate as compared to the titles released in the prior year's period. Investment in film write-downs included in Motion Picture segment direct operating expense were $18.5 million in the six months ended September 30, 2024, as compared to $27.0 million in the six months ended September 30, 2023.

Distribution and Marketing Expense. The decrease in distribution and marketing expense in the six months ended September 30, 2024 is due to lower theatrical P&A and Premium VOD expense associated with the theatrical slate releases in the current period. In the six months ended September 30, 2024 approximately $20.9 million of P&A and Premium VOD expense was incurred in advance for films to be released in subsequent quarters, compared to approximately $19.7 million in the six months ended September 30, 2023 in the Motion Picture segment.

Gross Contribution. Gross contribution of the Motion Picture segment for the six months ended September 30, 2024 decreased as compared to the six months ended September 30, 2023 due to the negative contribution of the theatrical slate titles released in the period, including *Borderlands*, as a result of higher direct operating expense as a percentage of revenue and lower Motion Picture revenue. These decreases in gross contribution were partially offset by lower Motion Picture distribution and marketing expense.

General and Administrative Expense. General and administrative expenses of the Motion Picture segment in the six months ended September 30, 2024 decreased $4.8 million, or 8.6%, primarily due to a decrease in incentive based compensation.

Television Production

The table below sets forth Television Production gross contribution and segment profit for the six months ended September 30, 2024 and 2023:

	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023	Change Amount	Change Percent
	(Amounts in millions)			
Television Production Segment:				
Revenue	$ 658.0	$ 612.4	$ 45.6	7.4 %
Expenses:				
Direct operating expense	569.5	482.8	86.7	18.0 %
Distribution & marketing expense	18.5	16.6	1.9	11.4 %
Gross contribution	70.0	113.0	(43.0)	(38.1)%
General and administrative expenses	34.8	27.0	7.8	28.9 %
Segment profit	$ 35.2	$ 86.0	$ (50.8)	(59.1)%
Direct operating expense as a percentage of revenue	86.6 %	78.8 %		
Gross contribution as a percentage of revenue	10.6 %	18.5 %		

Revenue. The table below sets forth Television Production revenue and changes in revenue by media for the six months ended September 30, 2024 and 2023. Television Production revenues for the six months ended September 30, 2024 included approximately $187.9 million of revenues from eOne.

	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023	Change Amount	Change Percent
Television Production	(Amounts in millions)			
Television	$ 473.2	$ 371.9	$ 101.3	27.2 %
International	85.5	105.6	(20.1)	(19.0)%
Home Entertainment				
Digital	53.2	96.0	(42.8)	(44.6)%
Packaged Media	1.3	0.7	0.6	85.7 %
Total Home Entertainment	54.5	96.7	(42.2)	(43.6)%
Other	44.8	38.2	6.6	17.3 %
	$ 658.0	$ 612.4	$ 45.6	7.4 %

The primary component of Television Production revenue is domestic television revenue. Domestic television revenue increased in the six months ended September 30, 2024 due to an increase of approximately $157.6 million for revenues from eOne in the current period and a decrease from reality television programs and other third-party domestic television revenue.

International revenue in the six months ended September 30, 2024 decreased $20.1 million, or 19.0% as compared to the six months ended September 30, 2023 due to a decrease of $26.8 million from revenues from the licensing of Starz original series to Starz Networks, partially offset by increased third-party revenue.

Home entertainment revenue in the six months ended September 30, 2024 decreased $42.2 million, or 43.6% as compared to the six months ended September 30, 2023 due to decreased digital media revenues, and in particular, digital media revenue in the prior year's period for *The Continental,* partially offset by increased revenues from the licensing of Starz original series to Starz Networks.

Other revenue in the six months ended September 30, 2024 increased $6.6 million, or 17.3% from the six months ended September 30, 2023, and primarily reflects revenue of 3 Arts Entertainment, which is generated from commissions and executive producer fees earned related to talent management.

Direct Operating Expense. Direct operating expense of the Television Production segment in the six months ended September 30, 2024 increased $86.7 million, or 18.0%, due to the increase in Television Production revenues. Direct operating expenses as a percentage of television production revenue increased primarily due to the mix of titles generating revenue in the current period as compared to the prior year's period, and in particular, the prior year's period included significant revenue from *The Continental* which has a lower amortization rate as compared to the current period. There were no investment in film and television programs write-downs included in Television Production segment direct operating expense in the six months ended September 30, 2024, as compared to $5.4 million in the six months ended September 30, 2023.

Gross Contribution. Gross contribution of the Television Production segment for the six months ended September 30, 2024 decreased as compared to the six months ended September 30, 2023 due to higher direct operating expenses as a percentage of television production revenue, partially offset by increased television production revenue.

General and Administrative Expense. General and administrative expenses of the Television Production segment increased $7.8 million, or 28.9%. Television Production general and administrative expenses for the six months ended September 30, 2024 included $11.0 million from eOne.

Liquidity and Capital Resources

Sources of Cash

Our liquidity and capital requirements in the six months ended September 30, 2024 were provided principally through cash generated from operations, our Intercompany Note, Intercompany Revolver, eOne IP Credit Facility, LG IP Credit Facility, our film related obligations (as further discussed below), the monetization of trade accounts receivable and prior to the Separation, Lionsgate's Senior Credit Facilities and parent net investments. Prior to the Separation, from time to time, sources of cash also included cash generated from the Starz Business and contributed to the Studio Business through parent net investment.

As discussed in *Separation and Business Combination*, on May 13, 2024, Lionsgate consummated the transactions contemplated by the Business Combination which, in addition to establishing the Studio Business as a standalone publicly traded entity, resulted in approximately $330.0 million of gross proceeds, including $254.3 million in PIPE financing. Shortly after the closing of the Business Combination, approximately $299.0 million was transferred to a wholly-owned subsidiary of Lionsgate in partial repayment of the Intercompany Note described below.

As of September 30, 2024 we had cash and cash equivalents of $210.8 million.

Corporate Debt

Our corporate debt at September 30, 2024, excluding film related obligations discussed further below, consisted of the following:

- ***Intercompany Note:*** In connection with the Separation and Business Combination, on May 8, 2024, Lions Gate Capital Holdings LLC, a Delaware limited liability company and subsidiary of Lionsgate ("LGCH"), which is not a consolidated subsidiary of Lionsgate Studios, as lender, entered into an intercompany note and assumption agreement (the "Intercompany Note") with Lions Gate Television Inc., a Delaware corporation and wholly owned consolidated subsidiary of the Company ("LGTV"), as borrower and assuming party.

  The Intercompany Note at September 30, 2024, excluding the Intercompany Revolver and film related obligations discussed further below, consisted of the following:

  - *LGTV Revolver.* We have a $1.1 billion revolving credit facility (with $421.5 million outstanding at September 30, 2024) due April 2026 (the "LGTV Revolver"). We maintain significant availability under our LGTV Revolver, which is currently used to meet our short-term liquidity requirements, and could also be used for longer term liquidity requirements.
  - *LGTV Term Loan A.* We have a term loan A facility due April 2026 (the "LGTV Term Loan A"), with $314.4 million outstanding at September 30, 2024.
  - *LGTV Term Loan B.* We have a term loan B facility due March 2025 (the "LGTV Term Loan B", and, together with the LGTV Revolving Credit Facility and the LGTV Term Loan A, the "Intercompany Note"), with $250.0 million outstanding at September 30, 2024.

- ***Intercompany Revolver:*** In connection with the Separation and Business Combination, on May 13, 2024, LGAC International LLC, a Delaware limited liability company and wholly owned consolidated subsidiary of the Company ("LGAC International") and Lions Gate Capital Holdings 1, Inc., a Delaware corporation and subsidiary of Lionsgate ("LGCH1") entered into a revolving credit agreement (the "Intercompany Revolver"), pursuant to which LGAC International and LGCH1 agreed to make revolving loans to each other from time to time provided that the net amount owing by one party to the other at any particular time may not exceed $150.0 million. There was $80.4 million outstanding and due to LGCH1 at September 30, 2024. The Intercompany Revolver will, among other things, terminate in connection with a full separation of the entities.
- ***eOne IP Credit Facility:*** In July 2024, certain subsidiaries of the Company entered into a senior secured amortizing term credit facility (the "eOne IP Credit Facility") based on and secured by the Company's intellectual property rights primarily associated with certain titles acquired as part of the eOne acquisition. The maximum principal amount of the eOne IP Credit Facility is $340.0 million, subject to the amount of collateral available, which is based on the valuation of unsold rights from the libraries, with $340.0 million outstanding as of September 30, 2024. The eOne IP Credit Facility matures on July 3, 2029.
- ***LG IP Credit Facility:*** In September 2024, certain subsidiaries of the Company entered into a senior secured amortizing term credit facility (the "LG IP Credit Facility") based on and secured by the Company's intellectual property rights primarily associated with certain titles. The maximum principal amount of the LG IP Credit Facility is $455.0 million, subject to the amount of collateral available, which is based on the valuation of unsold rights from the libraries, with $455.0 million outstanding as of September 30, 2024. The LG IP Credit Facility matures on September 30, 2029.
- ***Lionsgate Exchange Notes and Existing Notes:*** As discussed in Note 7 to our unaudited condensed consolidated financial statements, on May 8, 2024, LGCH1, an indirect, wholly-owned subsidiary of Lionsgate, which is not a consolidated subsidiary of Lionsgate Studios, issued $389.9 million aggregate principal amount of the 5.5% senior notes due 2029 (the "Exchange Notes"). The Exchange Notes were exchanged by Lionsgate for an equivalent amount of Lionsgate's existing 5.5% senior notes due 2029 (the "Existing Notes"). The Exchange Notes initially bear interest at 5.5% annually and mature April 15, 2029, with the interest rate increasing to 6.0% 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 Exchange 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 governing the Exchange Notes, at certain specified redemption prices set forth in the indenture governing the Exchange Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

  The Exchange Notes and Existing Notes and related interest expense are not reflected in the Company's unaudited condensed consolidated financial statements. The Company and certain of its subsidiaries are guarantors under the Exchange Notes and Existing Notes. Upon completion of the separation of the Starz Business from the Studio Business, the Exchange Notes will become obligations of the Company and will be reflected in the Company's unaudited condensed consolidated financial statements.

See Note 7 to our unaudited condensed consolidated financial statements for a discussion of our corporate debt.

Film Related Obligations

We utilize our film related obligations to fund our film and television productions. Our film related obligations at September 30, 2024 include the following:

- ***Production Loans:*** Production loans represent individual and multi-title loans for the production of film and television programs that we produce. 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. At September 30, 2024, there was $1,244.8 million outstanding of production loans.
- ***Production Tax Credit Facility:*** We have a $260.0 million non-recourse senior secured revolving credit facility due January 2025 based on collateral consisting solely of certain of the Company's tax credit receivables (the "Production Tax Credit Facility"). As of September 30, 2024, tax credit receivables amounting to $344.2 million represented collateral related to the Production Tax Credit Facility. Cash collections from the underlying collateral (tax credit receivables) are used to repay the Production Tax Credit Facility. At September 30, 2024 there was $260.0 million outstanding under the Production Tax Credit Facility.
- ***Film Library Facility:*** In July 2021, as amended in September 2022, certain of our subsidiaries entered into a senior secured amortizing term credit facility due July 2027 (the "Film Library Facility") based on the collateral consisting solely

of certain of our rights in certain acquired library titles, including the Spyglass and other recently acquired libraries. The maximum principal amount of the Film Library Facility is $161.9 million, subject to the amount of collateral available, which is based on the valuation of cash flows from the libraries. At September 30, 2024 there was $94.2 million, outstanding under the Film Library Facility.

- ***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 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. The Backlog Facility revolving period finishes 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 two years and 90 days after the revolving period ends, currently August 14, 2027. As of September 30, 2024 there was $160.2 million outstanding under the Backlog Facility.
  - *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 September 30, 2024, there was $113.0 million outstanding under the "other" loans, of which $55.1 million has a contractual repayment date in July 2025 and $57.9 million has a contractual repayment date in April 2027. As of September 30, 2024, accounts receivable amounting to $72.7 million and contracted receivables not yet reflected as accounts receivable on the balance sheet at September 30, 2024 amounting to $65.6 million represented collateral related to the “other” loans.

See Note 8 to our unaudited condensed consolidated financial statements for a discussion of our film related obligations.

Accounts Receivable Monetization and Governmental Incentives

Our accounts receivable monetization programs include individual agreements to monetize certain of our trade accounts receivable directly with third-party purchasers and previously have included a revolving agreement to monetize designated pools of trade accounts receivable with various financial institutions.

In addition, we utilize governmental incentives, programs and other structures from states and foreign countries (e.g., sales tax refunds, transferable tax credits, refundable tax credits, low interest loans, direct subsidies or cash rebates, calculated based on the amount of money spent in the particular jurisdiction in connection with the production) to fund our film and television productions and reduce financial risk.

See Note 19 to our unaudited condensed consolidated financial statements for our accounts receivable monetization programs and our tax credit receivables.

Uses of Cash

Our principal uses of cash in operations include the funding of film and television productions, film rights acquisitions, the distribution and marketing of films and television programs, and general and administrative expenses. We also use cash for debt service (i.e. principal and interest payments) requirements, equity method or other equity investments, capital expenditures, and acquisitions of or investment in businesses.

In addition, the Company has a redeemable noncontrolling interest balance of $99.7 million as of September 30, 2024, related to its acquisition of a controlling interest, consisting of a limited liability company interest in 3 Arts Entertainment, which may require the use of cash in the event the holders of the noncontrolling interests require the Company to repurchase their interests (see Note 10 to our unaudited condensed consolidated financial statements).

We may from time to time seek to retire or purchase or refinance our outstanding debt through cash purchases, and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, refinancings, or otherwise. Such repurchases or exchanges or refinancings, if any, will depend on prevailing market conditions, our liquidity requirements, our assessment of opportunities to lower interest expense, contractual restrictions and other factors, and such repurchases or exchanges could result in a charge from the early extinguishment of debt. The amounts involved may be material.

Anticipated Cash Requirements. The nature of our business is such that significant initial expenditures are required to produce, acquire, distribute and market films and television programs, while revenues from these films and television programs are earned over an extended period of time after their completion or acquisition. In addition to the cash requirements of any potential future redemption of our noncontrolling interests as discussed above, which we may fund with a combination of cash on hand, borrowings under our line of credit and/ or new financing arrangements, we have other anticipated cash requirements outside of our normal operations.

In the short-term, we currently expect that our cash requirements for productions will increase and our marketing spend will decrease in fiscal 2025 as compared to fiscal 2024.

However, we currently believe that cash flow from operations, cash on hand, Intercompany Note availability, Intercompany Revolver availability, the monetization of trade accounts receivable, tax-efficient financing, the availability from other financing obligations and available production or intellectual property financing, will be adequate to meet known operational cash and debt service (i.e. principal and interest payments) requirements for the next 12 months and beyond, including the funding of future film and television production and theatrical and home entertainment release schedules, and future equity method or other investment funding requirements. We monitor our cash flow liquidity, availability, fixed charge coverage, capital base, film spending and leverage ratios with the long-term goal of maintaining our credit worthiness.

Our current financing strategy is to fund operations and to leverage investment in films and television programs in the short-term and long-term, through our cash flow from operations, our revolving credit facility, eOne IP Credit Facility, LG IP Credit Facility, production loans, government incentive programs, the monetization of trade accounts receivable, our Production Tax Credit Facility, our Film Library Facility, our Backlog Facility, and other obligations. In addition, we may acquire businesses or assets, including individual films or libraries that are complementary to our business. Any such transaction could be financed through our cash flow from operations, credit facilities, equity or debt financing. If additional financing beyond our existing cash flows from operations and credit facilities cannot fund such transactions, there is no assurance that such financing will be available on terms acceptable to us. Our ability to obtain any additional financing will depend on, among other things, our business plans, operating performance, the condition of the capital markets at the time we seek financing, and short and long-term debt ratings assigned by independent rating agencies. Additionally, circumstances related to inflation and rising interest rates and bank failures has caused disruption in the capital markets, which could make financing more difficult and/or expensive, and we may not be able to obtain such financing. We may also dispose of businesses or assets, including individual films or libraries, and use the net proceeds from such dispositions to fund operations or such acquisitions, or to repay debt.

Material Cash Requirements from Known Contractual and Other Obligations. Our material cash requirements from known contractual and other obligations primarily relate to our Intercompany Note and film related obligations. The following table sets forth our significant contractual and other obligations as of September 30, 2024 and the estimated timing of payment:

	Total	Next 12 Months	Beyond 12 Months
		(Amounts in millions)	
Future annual repayment of debt and other obligations recorded as of September 30, 2024 (on-balance sheet arrangements)			
Corporate debt:			
Intercompany Revolver(1)	$ 80.4	$ 80.4	$ —
Intercompany Note(1)			
LGTV Revolver	421.5	—	421.5
LGTV Term Loan A	314.4	44.5	269.9
LGTV Term Loan B	250.0	250.0	—
eOne IP Credit Facility(1)	340.0	34.0	306.0
LG IP Credit Facility(1)	455.0	34.1	420.9
Film related obligations(2)	1,863.1	1,634.7	228.4
Content related payables(3)	45.3	37.0	8.3
Operating lease obligations	350.0	46.3	303.7
	4,119.7	2,161.0	1,958.7
Contractual commitments by expected repayment date (off-balance sheet arrangements)			
Film related obligations commitments(4)	274.2	167.2	107.0
Interest payments(5)	307.0	125.9	181.1
Other contractual obligations	451.8	94.2	357.6
	1,033.0	387.3	645.7
Total future repayment of debt and other commitments under contractual obligations (6)	$ 5,152.7	$ 2,548.3	$ 2,604.4

(1) See Note 7 to our unaudited condensed consolidated financial statements for further information on our corporate debt.
(2) See Note 8 to our unaudited condensed consolidated financial statements for further information on our film related obligations.
(3) Content related payables include minimum guarantees included on our consolidated balance sheet, which represent amounts payable for film or television rights that we have acquired or licensed.
(4) Film related obligations commitments include distribution and marketing commitments, minimum guarantee commitments, and production loan commitments not reflected on the consolidated balance sheets as they did not then meet the criteria for recognition.
(5) Includes cash interest payments on our Intercompany Note, eOne IP Credit Facility, LG IP Credit Facility, and film related obligations, based on the applicable SOFR interest rates at September 30, 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.
(6) Not included in the amounts above are $93.2 million included in other liabilities-non current representing the compensatory portion of 3 Arts Entertainment noncontrolling interest and $99.7 million of redeemable noncontrolling interest, as future amounts and timing are subject to a number of uncertainties such that we are unable to make sufficiently reliable estimations of future payments (see Note 10 to our unaudited condensed consolidated financial statements).

For additional details of contingencies, see Note 17 to our unaudited condensed consolidated financial statements.

Post Completion of the Starz Separation of the Restructuring of Corporate Debt

In connection with Lionsgate's planned separation of Lionsgate Studios Corp. and the Starz Business (the "Starz Separation"), we anticipate that the LGTV Revolver, LGTV Term Loan A and LGTV Term Loan B will be terminated. Additionally, upon completion of the Starz Separation, the Exchange Notes are expected to become obligations of the Company, while the Existing Notes, amounting to $325.1 million will remain obligations of the Starz Business. Our ability to fund our operations and capital needs depends upon our ability to generate ongoing cash from operations and our access to the capital markets.

We further anticipate the Company will enter into new revolving credit and asset backed facilities with an aggregate principal amount sufficient to repay the then current outstanding principal balances of the LGTV Revolver, LGTV Term Loan A and LGTV Term Loan B. Interest rates on borrowings are expected to be based on prevailing market interest rates for borrowers of a similar size and credit rating as us, which we currently estimate to be more than our current rates on the existing LGTV Revolver, LGTV Term Loan A and LGTV Term Loan B. However, there can be no assurance we can obtain financing at these rates which will depend on a number of factors including the market conditions at the time. The amounts to be refinanced prior to or at the time of the completion of the Starz Separation will differ from amounts outstanding as of September 30, 2024 and depending on the market conditions and cash levels at the Company at the time of the completion of the Starz Separation, the Company could borrow more than or less than the amounts outstanding under our existing debt arrangements.

We expect the new facilities to include customary events of default and affirmative and negative covenants as well as a maintenance covenants.

A final determination regarding our debt and capital structure and the debt and capital structure of the Starz Business has not yet been made. Our ability to obtain financing and the terms and amounts of such financing will depend on, among other things, our business plans, operating performance, the condition of capital markets at the time we seek financing, and short and long-term debt ratings assigned by independent rating agencies.

Discussion of Operating, Investing, Financing Cash Flows

Cash, cash equivalents and restricted cash decreased by $66.3 million for the six months ended September 30, 2024 and decreased by $32.7 million for the six months ended September 30, 2023, before foreign exchange effects on cash. Components of these changes are discussed below in more detail.

Operating Activities. Cash flows provided by (used in) operating activities for the six months ended September 30, 2024 and 2023 were as follows:

	Six Months Ended September 30,		
	2024	2023	Net Change
	(Amounts in millions)		
Net Cash Flows Provided By (Used In) Operating Activities	$ (199.7)	$ 273.5	$ (473.2)

Cash flows used in operating activities for the six months ended September 30, 2024 were $199.7 million compared to cash flows provided by operating activities of $273.5 million for the six months ended September 30, 2023.

The decrease in cash provided by operating activities is due to greater cash used in changes in operating assets and liabilities of $439.0 million. The decrease in cash provided by changes in operating assets and liabilities was driven by higher cash used for investment in film and television programs, decreases in participations and residuals, and greater decreases in accounts payable and accrued liabilities, partially offset by greater proceeds from decreases in accounts receivable, net, and increases in deferred revenue.

Investing Activities. Cash flows used in investing activities for the six months ended September 30, 2024 and 2023 were as follows:

	Six Months Ended September 30,	
	2024	2023
	(Amounts in millions)	
Investing Activities:		
Net proceeds from purchase price adjustments for eOne acquisition (see Note 3)	$ 12.0	$ —
Proceeds from the sale of other investments	—	0.2
Investment in equity method investees and other	(2.0)	(11.3)
Acquisition of assets (film library and related assets)	(35.0)	—
Other	—	6.5
Capital expenditures	(8.6)	(3.5)
Net Cash Flows Used In Investing Activities	$ (33.6)	$ (8.1)

Cash flows used in investing activities were $33.6 million for the six months ended September 30, 2024 compared to cash flows used in investing activities of $8.1 million for the six months ended September 30, 2023, primarily due to cash used for the acquisition of a film library and related assets, partially offset by proceeds from the settlement of certain working capital items pursuant to the Purchase Agreement for eOne in the current period.

Financing Activities. Cash flows provided by (used in) financing activities for the six months ended September 30, 2024 and 2023 were as follows:

	Six Months Ended September 30,	
	2024	2023
	(Amounts in millions)	
Financing Activities:		
Debt- borrowings	$ 2,537.4	$ 1,084.5
Debt- repurchases and repayments	(2,448.8)	(1,104.1)
Net proceeds from (repayments and repurchases of) debt	88.6	(19.6)
Film related obligations- borrowings	1,152.6	813.9
Film related obligations- repayments	(1,236.0)	(1,028.0)
Net proceeds from (repayments of) film related obligations	(83.4)	(214.1)
Net cash proceeds from the Business Combination and related transactions	283.1	—
Parent net investment	(94.6)	(63.2)
Other financing activities	(26.7)	(1.2)
Net Cash Flows Provided By (Used In) Financing Activities	$ 167.0	$ (298.1)

Cash flows provided by financing activities were $167.0 million for the six months ended September 30, 2024 compared to cash flows used in financing activities of $298.1 million for the six months ended September 30, 2023. Parent net investment reflects the net funding provided to or distributions received from the Starz Business prior to the Separation.

Cash flows provided by financing activities for the six months ended September 30, 2024 primarily reflects the net proceeds from the Business Combination and related transaction of $283.1 million and net proceeds from debt of $88.6 million, which was partially offset by net film related obligations repayments of $83.4 million, and cash used for other financing activities of $26.7 million. Net proceeds from debt of $88.6 million in the six months ended September 30, 2024 included the below transactions, along with required repayments on our term loans and borrowings and repayments under our revolving credit facility for working capital purposes:

- In May 2024, we used the proceeds from the Business Combination to prepay $84.9 million principal amount of the LGTV Term Loan A and $214.1 million of the LGTV Term Loan B.

- In July 2024 and September 2024, we borrowed $340.0 million under the eOne IP Credit Facility and $455.0 million under the LG IP Credit Facility, respectively.
- In September 2024, we used the proceeds from the LG IP Credit Facility to prepay $355.1 million principal amount of the LGTV Term Loan B.

Cash flows used in parent net investment for the six months ended September 30, 2024 of $94.6 million consists of cash pooling and general financing activities and funding to the Starz Business to settle amounts due from the Starz Business related to the Company's licensing arrangements with the Starz Business prior to the Separation.

Cash flows used in financing activities for the six months ended September 30, 2023 primarily reflects net film related obligations repayments of $214.1 million due to net repayments under production loans and the Production Tax Credit Facility of $153.7 million and net repayments under the Backlog Facility, Film Library Facility and other of $60.4 million. In addition, net cash flows used in financing activities includes net debt repayments of $19.6 million due to required repayments on our term loans and payments for other financing activities of $1.2 million.

Cash flows used in parent net investment for the six months ended September 30, 2023 of $63.2 million consists of cash pooling and general financing activities and funding to the Starz Business to settle amounts due from the Starz Business related to the Company's licensing arrangements with the Starz Business.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Currency and Interest Rate Risk Management

Market risks relating to our operations result primarily from changes in interest rates and changes in foreign currency exchange rates. Our exposure to interest rate risk results from the financial debt instruments that arise from transactions entered into during the normal course of business. As part of our overall risk management program, we evaluate and manage our exposure to changes in interest rates and currency exchange risks on an ongoing basis. Hedges and derivative financial instruments will continue to be used in the future in order to manage our interest rate and currency exposure. We have no intention of entering into financial derivative contracts, other than to hedge a specific financial risk. See Note 18 to our unaudited condensed consolidated financial statements for additional information on our financial instruments, and see "Quantitative and Qualitative Disclosures About Market Risk" found in our Prospectus.

Certain of our borrowings, primarily borrowings under our Intercompany Note, eOne IP Credit Facility, LG IP Credit Facility, and our film related obligations, are, and are expected to continue to be, at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease. The applicable margin with respect to loans under the LGTV Revolver and LGTV Term Loan A is a percentage per annum equal to SOFR plus 0.10% plus 1.75% margin. The applicable margin with respect to loans under our LGTV Term Loan B is a percentage per annum equal to SOFR plus 0.10% plus 2.25% margin. Advances under the eOne Credit Facility and LG IP Credit Facility bear interest at a rate equal to Term SOFR plus 2.25% per annum. Assuming the LGTV Revolver is drawn up to its maximum borrowing capacity of $1.1 billion, based on the applicable SOFR in effect as of September 30, 2024, each quarter point change in interest rates would result in a $1.3 million change in annual net interest expense on the LGTV Revolver, LGTV Term Loan A, LGTV Term Loan B, eOne IP Credit Facility, LG IP Credit Facility, and interest rate swap agreements.

The variable interest film related obligations (which includes our production loans, Production Tax Credit Facility, Film Library Facility, Backlog Facility and other) incur primarily SOFR-based interest, with applicable margins ranging from 0.25% to 3.25% per annum. A quarter point increase of the interest rates on the variable interest film related obligations would result in $3.1 million in additional costs capitalized to the respective film or television asset for production loans (based on the outstanding principal amount of such loans), and a $1.6 million change in annual net interest expense (based on the outstanding principal amount of such loans, and assuming the Production Tax Credit Facility and Backlog Facility are utilized up to their maximum capacity of $260.0 million and $175.0 million, respectively).

The following table presents information about our financial instruments that are sensitive to changes in interest rates. The table also presents the cash flows of the principal amounts of the financial instruments, or the cash flows associated with the notional amounts of interest rate derivative instruments, and related weighted-average interest rates by expected maturity or required principal payment dates and the fair value of the instrument as of September 30, 2024:

	Six Months Ending March 31,	Year Ending March 31,						Fair Value
	2025	2026	2027	2028	2029	Thereafter	Total	September 30, 2024
				(Amounts in millions)				
Variable Rates:								
Intercompany Revolver[1]	$ 80.4	$ —		$ —	$ —	$ —	$ 80.4	$ 80.4
Average Interest Rate	6.70 %	—	—	—	—	—		
LGTV Revolving Credit Facility[1]	—	—	421.5	—	—	—	421.5	421.5
Average Interest Rate	—	—	6.70 %	—	—	—		
LGTV Term Loan A[1]	22.2	44.5	247.7	—	—	—	314.4	312.9
Average Interest Rate	6.70 %	6.70 %	6.70 %	—	—	—		
LGTV Term Loan B[1]	250.0	—	—	—	—	—	250.0	249.7
Average Interest Rate	7.20 %	—	—	—	—	—		
eOne IP Credit Facility[1]	17.0	34.0	34.0	34.0	34.0	187.0	340.0	340.0
Average Interest Rate	7.10 %	7.10 %	7.10 %	7.10 %	7.10 %	7.10 %		
LG IP Credit Facility[1]	11.4	45.5	45.5	45.5	45.5	261.6	455.0	455.0
Average Interest Rate	7.10 %	7.10 %	7.10 %	7.10 %	7.10 %	7.10 %		
Film related obligations[2]	896.5	910.4	3.1	62.2	—	—	1,872.2	1,872.2
Average Interest Rate	6.40 %	5.80 %	7.17 %	6.10 %	—	—		
Fixed Rates:								
Interest Rate Swaps[3]								
Variable to fixed notional amount	1,700.0	—	220.0	—	—	—	1,920.0	12.2

(1) The effective interest rate in the table above is before the impact of interest rate swaps.

(2) Represents amounts outstanding under film related obligations (i.e., production loans, Production Tax Credit Facility, Backlog Facility and other, and Film Library Facility), actual amounts outstanding and the timing of expected future repayments may vary in the future (see Note 8 to our unaudited condensed consolidated financial statements for further information).

(3) Represents interest rate swap agreements on certain of our SOFR-based floating-rate debt with fixed rates paid ranging from 2.723% to 4.045% with maturities in March 2025, August 2026 and September 2026. See Note 18 to our unaudited condensed consolidated financial statements.

Item 4. *Controls and Procedures.*

Evaluation of Disclosure Controls and Procedures

The term “disclosure controls and procedures” is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as amended (the “Exchange Act”). These rules refer to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within required time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of September 30, 2024, the end of the period covered by this report, the Company carried out an evaluation under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer of the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that such controls and procedures were effective as of September 30, 2024.

Changes in Internal Control over Financial Reporting

On December 27, 2023, we purchased all of the issued and outstanding equity interests of the companies constituting the Entertainment One television and film ("eOne") business and, as a result, we have begun integrating the processes, systems and controls relating to eOne into our existing system of internal control over financial reporting in accordance with our integration plans. As required by Rule 13a-15(d) of the Exchange Act, the Company, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, has evaluated whether any changes occurred to the Company's internal control over financial reporting during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, such control. Based on that evaluation, except for the processes, systems and controls relating to the integration of eOne, there has been no such change during the quarter ended September 30, 2024.

PART II

Item 1. ***Legal Proceedings.***

From time to time, the Company is involved in certain claims and legal proceedings arising in the normal course of business. Due to the inherent difficulty of predicting the outcome of litigation and claims, the Company often cannot predict what the eventual outcome of the pending matters will be, what the timing of the ultimate resolution of these matters will be, or what the eventual loss, if any, related to each pending matter may be.

For a discussion of certain claims and legal proceedings, see Note 17 - Contingencies to our unaudited condensed consolidated financial statements, which discussion is incorporated by reference into this Part II, Item 1, Legal Proceedings.

Item 1A. ***Risk Factors.***

There were no material changes to the risk factors previously reported in the section entitled "Risk Factors" in our prospectus filed with the SEC on October 28, 2024.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds.***

None.

Item 3. ***Defaults Upon Senior Securities.***

None.

Item 4. ***Mine Safety Disclosures.***

Not applicable.

Item 5. ***Other Information.***

None.

Item 6. ***Exhibits.***

Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Exhibit	Filing Date/ Period End Date
3.1x	Articles			
3.2x	Notice of Articles			
10.40*	Employment Agreement, dated August 8, 2024, between Lions Gate Entertainment Corp. and Jon Feltheimer	8-K	10.1	8/14/2024
31.1x	Certification of CEO pursuant to Section 302 of Sarbanes-Oxley Act of 2002			
31.2x	Certification of CFO pursuant to Section 302 of Sarbanes-Oxley Act of 2002			
32.1xx	Certification of CEO and CFO pursuant to Section 906 of Sarbanes-Oxley Act of 2002			
101x	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in Inline XBRL: (i) Consolidated Balance Sheets (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Loss, (iv) Consolidated Statements of Equity (Deficit), (v) Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.			
104x	The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 (formatted as Inline XBRL and contained in Exhibit 101).			

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* Management contract or compensatory plan or arrangement.

x Filed herewith

xx Furnished herewith and not deemed to be "filed" for purposes of Section 18 of the Exchange Act and shall not be deemed to be incorporated by reference into any filing under the Securities Act, or the Exchange Act, irrespective of any general incorporation language contained in such filing

SIGNATURES

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

LIONSGATE STUDIOS CORP.

By: /s/ JAMES W. BARGE

Name: James W. Barge

Title: Duly Authorized Officer and Chief Financial Officer

DATE: November 12, 2024

LIONSGATE STUDIOS CORP.

Amalgamation Number: BC1480669

Translation of the company name that the company intends to use outside of Canada: N/A

(the "Company")

ARTICLES

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LIONSGATE STUDIOS CORP.

Amalgamation Number: [●]

Translation of the company name that the company intends to use outside of Canada: N/A

(the "Company")

ARTICLES

The Company has as its articles the following articles:

1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

(a) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;

(b) "Business Corporations Act" means the Business Corporations Act, S.B.C. 2002, c. 57, as amended from time to time, as well as any successor legislation, and includes any regulations made thereunder;

(c) "Interpretation Act" means the Interpretation Act, R.S.B.C. 1996, c. 238, as amended from time to time, as well as any successor legislation, and includes any regulations made thereunder.

(d) "legal personal representative" means the personal or other legal representative of the shareholder;

(e) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;

(f) "seal" means the seal of the Company, if any.

1.2 Business Corporations Act and Interpretation Act Definitions Applicable

The definitions in the Business Corporations Act and the definitions and rules of construction in the Interpretation Act, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the Business Corporations Act and a definition or rule in the Interpretation Act relating to a term used in these Articles, the definition in the Business Corporations Act will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the Business Corporations Act, the Business Corporations Act will prevail.

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the Business Corporations Act.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Unless the shares are uncertificated shares within the meaning of the Business Corporations Act, each shareholder is entitled, without charge, to: (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name; or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate; provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or acknowledgment to one of several joint shareholders or to a duly authorized agent or one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgment is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgment

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

(a) order the share certificate or acknowledgment, as the case may be, to be cancelled; and

(b) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

(a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and

(b) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the Business Corporations Act, determined by the directors.

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. ISSUE OF SHARES

3.1 Directors Authorized

Subject to the Business Corporations Act and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the Business Corporations Act, no share may be issued until it is fully paid. A share is fully paid when:

(a) consideration is provided to the Company for the issue of the share by one or more of the following:

  (i) past services performed for the Company;

  (ii) property;

  (iii) money; and

(b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the Business Corporations Act, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

4. SHARE REGISTERS

4.1 Central Securities Register

As required by and subject to the Business Corporations Act, the Company may maintain its central securities register at any location designated by the directors, and may maintain its central securities register in electronic form, and may maintain branch securities registers at locations designated by the directors. The directors may, subject to the Business Corporations Act, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. SHARE TRANSFERS

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless:

(a) a duly signed instrument of transfer in respect of the share has been received by the Company;

(b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and

(c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

5.3 Transferor Remains Shareholder

Except to the extent that the Business Corporations Act otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or their duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

(a) in the name of the person named as transferee in that instrument of transfer; or

(b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the Business Corporations Act and the directors have been deposited with the Company.

7. PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the Business Corporations Act, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(a) the Company is insolvent; or

(b) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(a) is not entitled to vote the share at a meeting of its shareholders;

(b) must not pay a dividend in respect of the share; and

(c) must not make any other distribution in respect of the share.

8. BORROWING POWERS

8.1 General Powers

The Company, if authorized by the directors, may:

(a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;

(b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;

(c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

8.2 Terms of Debt Obligations

Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company and appointment of the directors or otherwise all as the directors may determine. The directors may make any bonds, debentures or other debt obligations issued by the Company by their terms assignable free from any equities between the Company and the person to whom they may be issued or any other person who lawfully acquires them by assignment, purchase or otherwise.

8.3 Powers of Directors

For greater certainty, the powers of the directors under this Part 8 may be exercised by a committee or other delegate, direct or indirect, of the board authorized to exercise such powers.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the Business Corporations Act, the Company may by special resolution:

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(d) if the Company is authorized to issue shares of a class of shares with par value:

    (i) decrease the par value of those shares; or

(ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(f) alter the identifying name of any of its shares; or

(g) otherwise alter its shares or authorized share structure when required or permitted to do so by the Business Corporations Act.

9.2 Special Rights and Restrictions

Subject to the Business Corporations Act, the Company may by special resolution:

(a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 Change of Name

The Company may by special resolution authorize an alteration of its Notice of Articles in order to change its name.

9.4 Other Alterations

If the Business Corporations Act does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles or the Notice of Articles.

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the Business Corporations Act, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and location, within or outside of British Columbia, and as an electronic meeting or otherwise, as may be determined by a resolution of the directors. Any shareholders' meeting held as a fully electronic meeting without a physical location or place, shall, if required by the Business Corporations Act or applicable law and not otherwise determined by a resolution of the directors in connection with the meeting, be deemed to have the physical location or place of the meeting at the Company's registered office in British Columbia.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the Business Corporations Act to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders.

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

(a) if and for so long as the Company is a public company, 21 days;

(b) otherwise, 10 days.

10.5 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Business Corporations Act, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

(a) if and for so long as the Company is a public company, 21 days;

(b) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.6 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Business Corporations Act, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

10.8 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

(a) state the general nature of the special business; and

(b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

(i) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and

(ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

10.9 Advance Notice for Nomination of Directors

(a) If and for so long as the Company is a public company, subject only to the Business Corporations Act, Applicable Securities Laws (defined in Article 10.9(g)), any rules of a stock exchange on which securities of the Company are listed and these Articles, only persons who are nominated in accordance with the procedures in this Article 10.9 will be eligible for election as directors of the Company. Nominations of persons for election to the board of directors may be made at any annual general meeting of shareholders or at any special meeting of shareholders if one of the purposes for which the special meeting is called is for the election of directors:

(i) by or at the direction of the board of directors, including pursuant to a notice of meeting;

(ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Business Corporations Act, or a requisition of the shareholders made in accordance with the provisions of the Business Corporations Act; or

(iii) by any shareholder of the Company (a "Nominating Shareholder") who:

(A) at the close of business on the date of the giving of the notice provided for in this Article 10.9 and on the record date for notice of such meeting, is entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting on the election of directors; and

(B) who complies with the notice procedures set forth in this Article 10.9.

(b) In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Company in accordance with the provisions of this Article 10.9.

(c) To be timely, a Nominating Shareholder's notice must be received by the secretary of the Company:

(i) in the case of an annual general meeting of shareholders, not less than 30 days prior to the date of the annual general meeting of shareholders; provided, however, that in the event that the annual general meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first Public Announcement (defined in Article 10.9(g)) of the date of the annual general meeting is made (the "Meeting Notice Date"), the Nominating Shareholder's notice must be received not later than the close of business on the tenth day after the Meeting Notice Date; and

(ii) in the case of a special meeting of shareholders (which is not also an annual general meeting of shareholders) called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth day following the day on which the first Public Announcement of the date of the special meeting is made.

(d) Notwithstanding the provisions of this Article 10.9, in no event will any Public Announcement or any adjournment or postponement of an annual general meeting or special meeting (or the announcement thereof) commence a new time period for giving a Nominating Shareholder's notice as described in this Article 10.9.

(e) To be in proper written form, a Nominating Shareholder's notice to the secretary of the Company must set forth:

(i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director:

(A) the name, age, business address and residential address of the person;

(B) the principal occupation or employment of the person;

(C) the class or series and number of shares of the Company that are owned beneficially or of record by the person, if any;

(D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Business Corporations Act, Applicable Securities Laws and any rules of a stock exchange on which securities of the Company are listed; and

(ii) as to the Nominating Shareholder giving the notice:

(A) the class or series and number of shares of the Company which are owned beneficially or of record by the Nominating Shareholder as of the record date for the meeting (if such date has made publicly available and will have occurred);

(B) full particulars of any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder, or any of its Affiliates or Associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the right to vote or direct the voting of any shares of the Company;

(C) be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected; and

(D) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Business Corporations Act, Applicable Securities Laws and any rules of a stock exchange on which securities of the Company are listed.

The Company may require any proposed nominee for election as a director to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as a director of the Company in accordance with the Business Corporations Act, Applicable Securities Laws and any rules of a stock exchange on which securities of the Company are listed or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

(f) No person will be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 10.9; provided, however, that nothing in this Article 10.9 will be deemed to preclude discussion by a shareholder or proxy holder (as distinct from nominating directors) at a meeting of shareholders any matter in respect of which the shareholder would have been entitled to submit a proposal pursuant to the provisions of the Business Corporations Act or at the discretion of the chair of the meeting] The chair of the meeting will have the power and duty to determine whether a nomination was made in accordance with the provisions of this Article 10.9 and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination will be disregarded.

(g) For purposes of this Article 10.9:

(i) "Affiliate", when used to indicate a relationship with a specific person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;

(ii) "Applicable Securities Laws" means the applicable securities legislation in the United States and each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of the United States and each province and territory of Canada;

(iii) "Associate", when used to indicate a relationship with a specified person, shall mean (i) any body corporate or trust of which such person beneficially owns, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such body corporate or trust for the time being outstanding, (ii) any partner of that person, (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, (iv) a spouse of such specified person, (v) any person of either sex with whom such specified person is living in conjugal relationship outside marriage or (vi) any relative of such specified person or of a person mentioned in clauses (iv) or (v) of this definition if that relative has the same residence as the specified person;

(iv) "beneficially owns" or "beneficially owned" means, in connection with the ownership of shares in the capital of the Company by a person, (i) any such shares as to which such person or any of such person's Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (ii) any such shares as to which such person or any of such person's Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (iii) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty's Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person's Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person beneficially owns pursuant to this clause (iii) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty's Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty's Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (iv) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Company or any of its securities;

(v) "close of business" means 5:00 p.m. (Vancouver time) on a business day in British Columbia, Canada;

(vi) "Derivatives Contract" shall mean a contract between two parties (the "Receiving Party" and the "Counterparty") that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Company or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the "Notional Securities"), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Company or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract; for the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts; and

(vii) "Public Announcement" means disclosure in a press release disseminated by a nationally recognized news service in Canada or in a document publicly filed by the Company with the US Securities and Exchange Commission or under its profile on the System of Electronic Document Analysis and Retrieval at www.sedarplus.com.

(h) Notwithstanding any other provision of these Articles, notice given to the secretary of the Company pursuant to this Article 10.9 may only be given by personal delivery, facsimile transmission or by email to the Company's principal executive officers as set forth in the Company's filings with the US Securities and Exchange Commission, and will be deemed to have been given and made only at the time it is served by personal delivery to the secretary of the Company at the registered office of the Company, sent by email (to the address above-mentioned) or sent by facsimile transmission (provided the receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is not a business day or after the close of business on a day which is a business day, then such delivery or electronic communication will be deemed to have been on the subsequent day that is a business day.

(i) All information to be provided in a timely notice pursuant to this Article 10.9 shall be provided as of the record date for determining shareholders entitled to vote at the meeting (if such date shall then have been publicly announced) and as of the date of such notice. The Nominating Shareholder shall update such information to the extent necessary so that it is true and correct as of the date that is 10 business days prior to the date of the meeting, or any adjournment or postponement thereof.

(j) For the avoidance of doubt, this Article 10.9 shall be the exclusive means for any person to bring nominations for election to the board at or in connection with any annual general or special meeting of the shareholders of the Company.

(k) Notwithstanding the provisions of this Article 10.9, the board may, in its sole discretion, waive any requirement in this Article 10.9.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

(a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

(b) at an annual general meeting, all business is special business except for the following:

  (i) business relating to the conduct of or voting at the meeting;

  (ii) consideration of any financial statements of the Company presented to the meeting;

  (iii) consideration of any reports of the directors or auditor;

  (iv) the setting or changing of the number of directors;

  (v) the election or appointment of directors;

  (vi) the appointment of an auditor;

(vii) the setting of the remuneration of an auditor;

(viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;

(ix) any other business which, under these Articles or the Business Corporations Act, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights or restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one or more persons who are, or who represent by proxy, one or more shareholders who, in the aggregate, hold at least 33 1/3% of the outstanding shares of the Company entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

(a) the quorum is one person who is, or who represents by proxy, that shareholder; and

(b) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present

(a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and

(b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(b) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

(a) the chair of the board, if any;

(b) if the chair of the board is absent or unwilling to act as chair of the meeting, the Vice-Chair of the Company, if any;

(c) if the chair of the board and the Vice Chair of the Company, if any, are both absent or unwilling to act as chair of the meeting, the Chief Executive Officer of the Company, if any;

(d) if the chair of the board, the Vice Chair of the Company, and the Chief Executive Officer of the Company, if any, are all absent or unwilling to act as chair of the meeting, the Chief Financial Officer of the Company, if any;

(e) if the chair of the board, the Vice Chair of the Company, the Chief Executive Officer of the Company, and the Chief Financial Officer of the Company, if any, are all absent or unwilling to act as chair of the meeting, the General Counsel or Chief Legal Officer of the Company, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, there is no individual present within 15 minutes after the time set for holding the meeting that is entitled, under Article 11.9, to act as chair of the meeting, or if all of the eligible individuals present are unwilling to act as chair of the meeting, the directors present may choose one of their number to be chair of the meeting, or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any individual present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Subject to the Business Corporations Act, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.8, if a poll is duly demanded at a meeting of shareholders:

(a) the poll must be taken:

  (i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

  (ii) in the manner, at the time and at the place that the chair of the meeting directs;

(b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(c) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and their determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 Demand for Poll

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

(a) on a vote by show of hands every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

(b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

(a) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

(a) for that purpose, the instrument appointing a representative must:

(i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(ii) be provided at the meeting to the chair of the meeting or to a person designated by the chair of the meeting;

(b) if a representative is appointed under this Article 12.5:

(i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 When Proxy Provisions Do Not Apply to the Company

If and for so long as the Company is a public company, Articles 12.7 to 12.15 apply only insofar as they are not inconsistent with the Business Corporations Act, Applicable Securities Laws, or any rules of an exchange on which securities of the Company are listed.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

(a) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;

(b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or

(c) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

(a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(b) unless the notice provides otherwise, be provided at the meeting to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

(a) at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(b) by the chair of the meeting, before the vote is taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

(NAME OF COMPANY)

(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy if given in respect of all shares registered in the name of the shareholder): ____________________

Signed [month, day, year]

[Signature of shareholder]

[Name of shareholder—printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

(a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(b) provided, at the meeting, to the chair of the meeting.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

(a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or their legal personal representative or trustee in bankruptcy; or

(b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the Business Corporations Act. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

(a) subject to Articles 13.1(b) and 13.1(c), the number of directors that is equal to the number of the Company's first directors;

(b) if the Company is a public company, the greater of three and the most recently set of:

(i) the number of directors set by directors' resolution;

(ii) the number of directors set under Article 14.4; and

(c) if the Company is not a public company, the greater of one and the most recently set of:

(i) the number of directors set by directors' resolution; and

(ii) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Article 13.1(b)(i) or 13.1(c)(i):

(a) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number; and

(b) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share of the Company as qualification for their office but must be qualified as required by the Business Corporations Act to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director,

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that they may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, they may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that they may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to their spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

(a) the shareholders entitled to vote at the annual general meeting for the election of directors may elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

(b) all the directors cease to hold office immediately before the election or appointment of directors under Article 14.1(b), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

(a) that individual consents to be a director in the manner provided for in the Business Corporations Act;

(b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

(c) with respect to first directors, the designation is otherwise valid under the Business Corporations Act.

14.3 Failure to Elect or Appoint Directors

If:

(a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the Business Corporations Act; or

(b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

(c) the date on which their successor is elected or appointed; and

(d) the date on which they otherwise ceases to hold office under the Business Corporations Act or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the Business Corporations Act, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

(a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(a), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

(a) the term of office of the director expires;

(b) the director dies;

(c) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(d) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of their term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of their term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

15. POWERS AND DUTIES OF DIRECTORS

15.1 Powers of Management

The directors must, subject to the Business Corporations Act and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the Business Corporations Act or by these Articles, required to be exercised by the shareholders of the Company.

15.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

16. DISCLOSURE OF INTEREST OF DIRECTORS

16.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the Business Corporations Act) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the Business Corporations Act.

16.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

16.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

16.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the Business Corporations Act.

16.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to their office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

16.6 No Disqualification

No director or intended director is disqualified by their office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

16.7 Professional Services by Director or Officer

Subject to the Business Corporations Act, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

16.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the Business Corporations Act, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from their interest in, such other person.

17. PROCEEDINGS OF DIRECTORS

17.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

17.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

17.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors if such individual is a duly appointed or elected director of the Company:

(a) the chair of the board, if any;

(b) if the chair of the board is absent or unwilling to act as chair of the meeting, the Vice-Chair of the Company, if any;

(c) if the chair of the board and the Vice Chair of the Company, if any, are both absent or unwilling to act as chair of the meeting, the Chief Executive Officer of the Company, if any;

(d) if the chair of the board, the Vice Chair of the Company, and the Chief Executive Officer of the Company, if any, are all absent or unwilling to act as chair of the meeting, the Chief Financial Officer of the Company, if any;

(e) if the chair of the board, the Vice Chair of the Company, the Chief Executive Officer of the Company, and the Chief Financial Officer of the Company, if any, are all absent or unwilling to act as chair of the meeting, the General Counsel or Chief Legal Officer of the Company, if any;

(f) if the chair of the board, the Vice Chair of the Company, the Chief Executive Officer of the Company, the Chief Financial Officer of the Company, and the General Counsel or Chief Legal Officer of the Company, if any, are all absent or unwilling to act as chair of the meeting, any other director chosen by the directors present.

17.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone or other communications medium if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the Business Corporations Act and these Articles to be present at the meeting and to have agreed to participate in that manner. Meetings of the board of directors may be held as electronic meetings.

17.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

17.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 24.1 or orally or by telephone.

17.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director if:

(a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(b) the director, as the case may be, has waived notice of the meeting.

17.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director, does not invalidate any proceedings at that meeting.

17.9 Waiver of Notice of Meetings

Any director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director.

17.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at a majority of the board of directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

17.11 Validity of Acts Where Appointment Defective

Subject to the Business Corporations Act, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

17.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the Business Corporations Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

18. EXECUTIVE AND OTHER COMMITTEES

18.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

(a) the power to fill vacancies in the board of directors;

(b) the power to remove a director;

(c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

18.2 Appointment and Powers of Other Committees

The directors may, by resolution:

(a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(b) delegate to a committee appointed under Article 18.2(a) any of the directors' powers, except:

    (i) the power to fill vacancies in the board of directors;

    (ii) the power to remove a director;

    (iii) the power to change the membership of, or fill vacancies in, any committee of the directors; and

    (iv) the power to appoint or remove officers appointed by the directors; and

(c) make any delegation referred to in Article 18.2(b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

18.3 Obligations of Committees

Any committee appointed under Articles 18.1 or 18.2, in the exercise of the powers delegated to it, must:

(a) conform to any rules that may from time to time be imposed on it by the directors; and

(b) report every act or thing done in exercise of those powers at such times as the directors may require.

18.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

(a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

(b) terminate the appointment of, or change the membership of, the committee; and

(c) fill vacancies in the committee.

18.5 Committee Meetings

Subject to Article 18.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1 or 18.2:

(a) the committee may meet and adjourn as it thinks proper;

(b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

(c) a majority of the members of the committee constitutes a quorum of the committee; and

(d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

19. OFFICERS

19.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

19.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

(a) determine the functions and duties of the officer;

(b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

19.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the Business Corporations Act. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

19.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after they cease to hold such office or leave the employment of the Company, a pension or gratuity.

20. INDEMNIFICATION

20.1 Definitions

In this Article 20:

(a) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(b) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, officer, former director or former officer of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or officer of the Company:

  (i) is or may be joined as a party; or

  (ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(c) "expenses" has the meaning set out in the Business Corporations Act.

20.2 Mandatory Indemnification of Directors, Officers, Former Officers and Former Directors

Subject to the Business Corporations Act, the Company must indemnify a director, officer, former director and former officer of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and officer is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

20.3 Indemnification of Other Persons

Subject to any restrictions in the Business Corporations Act, the Company may indemnify any person.

20.4 Non-Compliance with Business Corporations Act

The failure of a director or officer of the Company to comply with the Business Corporations Act or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

20.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(a) is or was a director, officer, employee or agent of the Company;

(b) is or was a director, officer, employee or agent of a corporation at a time when the corporation is or was an Affiliate of the Company;

(c) at the request of the Company, is or was a director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity; or

(d) at the request of the Company, holds or held a position equivalent to that of a director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, officer, employee or agent or person who holds or held such equivalent position.

20.6 Transitionary requirement to advance expenses

(a) This Article 20.6 will apply for six (6) years from the date the Company first adopts this Article 20.6 in its Articles, and will expire and cease to be of force or effect as a term of the Company's Articles on the day following the six (6) year anniversary of the date the Company first adopts this Article 20.6 in its Articles.

(b) Subject to the Business Corporations Act, the Company must pay, as they are incurred in advance of a final disposition of an eligible proceeding, the expenses actually and reasonably incurred by an eligible party for whom the Company is obligated or has elected to indemnify pursuant to these Articles in respect of that proceeding if the Company has first received from the eligible party a written undertaking that, if it is ultimately determined that the payment of expenses is prohibited by the Business Corporations Act, the eligible party will repay the amounts advanced.

(c) Neither any amendment nor repeal of this Article 20.6, nor the adoption by amendment of these Articles of any provision inconsistent with this Article 20.6, will eliminate or reduce the effect of this Article 20.6 in respect of any matter occurring, or any action or proceeding accruing or arising prior to such amendment or repeal or adoption of an inconsistent provision.

21. DIVIDENDS

21.1 Payment of Dividends Subject to Special Rights and Restrictions

The provisions of this Article 21 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

21.2 Declaration of Dividends

Subject to the Business Corporations Act, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

21.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 21.2.

21.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

21.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

21.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

(a) set the value for distribution of specific assets;

(b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

(c) vest any such specific assets in trustees for the persons entitled to the dividend.

21.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

21.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

21.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

21.10 Dividend Bears No Interest

No dividend bears interest against the Company.

21.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

21.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

21.13 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

22. DOCUMENTS, RECORDS AND REPORTS

22.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the Business Corporations Act.

22.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

22.3 Remuneration of Auditor

The directors may set the remuneration of the Company's auditor (if any).

23. NOTICES

23.1 Method of Giving Notice

Unless the Business Corporations Act or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the Business Corporations Act or these Articles to be sent by or to a person may be sent by any one of the following methods:

(a) mail addressed to the person at the applicable address for that person as follows:

  (i) for a record mailed to a shareholder, the shareholder's registered address;

  (ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class; and

  (iii) in any other case, the mailing address of the intended recipient;

(b) delivery at the applicable address for that person as follows, addressed to the person:

   (i) for a record delivered to a shareholder, the shareholder's registered address;

   (ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class; and

   (iii) in any other case, the delivery address of the intended recipient;

(c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class; or

(e) physical delivery to the intended recipient.

23.2 Deemed Receipt of Mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

23.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 23.1, prepaid and mailed or otherwise sent as permitted by Article 23.1 is conclusive evidence of that fact.

23.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

23.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(a) mailing the record, addressed to them:

   (i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

   (ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(b) if an address referred to in Article 23.5(a)(ii) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24. SEAL

24.1 Who May Attest Seal

Except as provided in Articles 24.2 and 24.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

(a) any two directors;

(b) any officer, together with any director;

(c) if the Company only has one director, that director; or

(d) any one or more directors or officers or persons as may be determined by the directors.

24.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 24.1, the impression of the seal may be attested by the signature of any director or officer.

24.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the Business Corporations Act or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

Date and Time: May 13, 2024 09:16 AM Pacific Time

BRITISH COLUMBIA BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: May 13, 2024 08:32 AM Pacific Time

Incorporation Number: BC1480669

Recognition Date and Time: May 13, 2024 08:32 AM Pacific Time as a result of an Amalgamation

NOTICE OF ARTICLES

A BC company must REMOVE from the face of each share certificate the following statement:

"The shareholders of this company are jointly and severally liable to satisfy the debts and liabilities of this company to the extent provided in section 51.3 of the Business Corporations Act."

Name of Company:

LIONSGATE STUDIOS CORP.

REGISTERED OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Simmons, Hardwick

Mailing Address:	Delivery Address:
2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES	2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES

Last Name, First Name, Middle Name:
Harkey, Jr., John D.

Mailing Address:	Delivery Address:
2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES	2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES

Last Name, First Name, Middle Name:
Simm, Daryl

Mailing Address:	Delivery Address:
2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES	2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES

Last Name, First Name, Middle Name:
Feltheimer, Jon

Mailing Address:	Delivery Address:
2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES	2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES

Last Name, First Name, Middle Name:
Rachesky, Mark

Mailing Address:	Delivery Address:
2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES	2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES

Last Name, First Name, Middle Name:
Fries, Michael T.

Mailing Address:	Delivery Address:
2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES	2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES

Last Name, First Name, Middle Name:
Burns, Michael

Mailing Address:	Delivery Address:
2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES	2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES

Last Name, First Name, Middle Name:
Sloan, Harry

Mailing Address:	Delivery Address:
2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES	2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES

Last Name, First Name, Middle Name:
Fine, Emily

Mailing Address:	Delivery Address:
2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES	2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES

Last Name, First Name, Middle Name:
Ostolaza, Yvette

Mailing Address:	Delivery Address:
2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES	2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES

Last Name, First Name, Middle Name:
Clyburn, Mignon

Mailing Address:	Delivery Address:
2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES	2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES

Last Name, First Name, Middle Name:
McCaw, Susan

Mailing Address:	Delivery Address:
2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES	2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES

Last Name, First Name, Middle Name:
Dogra, Priya

Mailing Address:	Delivery Address:
2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES	2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES

Last Name, First Name, Middle Name:
Crawford, Gordon

Mailing Address:	Delivery Address:
2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES	2700 COLORADO AVENUE SANTA MONICA CA 90404 UNITED STATES

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	common Shares	Without Par Value Without Special Rights or Restrictions attached

Exhibit 31.1

CERTIFICATION

I, Jon Feltheimer certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lionsgate Studios Corp.;

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

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

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

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JON FELTHEIMER

Jon Feltheimer
Chief Executive Officer

Date: November 12, 2024

Exhibit 31.2

CERTIFICATION

I, James W. Barge certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lionsgate Studios Corp.;

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

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

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

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JAMES W. BARGE

James W. Barge
Chief Financial Officer

Date: November 12, 2024

Exhibit 32.1

WRITTEN STATEMENT

PURSUANT TO

18 U.S.C. SECTION 1350

The undersigned officers of Lionsgate Studios Corp. (the “Company”), pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, to their knowledge:

(i) the Form 10-Q of the Company (the “Report”) for the quarterly period ended September 30, 2024, fully complies with the requirements of Sections 13(a) and 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for the periods presented in this report.

/s/ JON FELTHEIMER
Jon Feltheimer
Chief Executive Officer

Date: November 12, 2024

/s/ JAMES W. BARGE
James W. Barge
Chief Financial Officer

Date: November 12, 2024