REFINITIV

DELTA REPORT

10-Q

CSSEN - CHICKEN SOUP FOR THE SOUL

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1752
CHANGES	310
DELETIONS	821
ADDITIONS	621

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023 March 31, 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 Number: 001-38125

CHICKEN SOUP FOR THE SOUL ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware	**81-2560811**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)
132 East Putnam Avenue – Floor 2W, Cos Cob, CT	**06807**
(Address of Principal Executive Offices)	(Zip Code)

855-398-0443

(Registrant's Telephone Number, including Area Code)

Not Applicable

Former Name or Former Address, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock	CSSE	The Nasdaq Stock Market LLC
Common Stock Purchase Warrant	CSSEL	The Nasdaq Stock Market LLC
9.75% Series A Cumulative Redeemable Perpetual Preferred Stock	CSSEP	The Nasdaq Stock Market LLC
9.50% Notes Due 2025	CSSEN	The Nasdaq Stock Market LLC

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class Z Warrants	CSSEZ	OTC Markets

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 (§ 232.405 of this chapter) 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☒

Emerging growth company ☐

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

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

The number of shares of Common Stock outstanding as of December 20, 2023 May 15, 2024 totaled 32,215,813 32,458,964 as follows:

Title of Each Class	
Class A Common Stock, $.0001 par value per share	24,561,307 24,804,458
Class B Common Stock, $.0001 par value per share*	7,654,506

*Each share convertible into one share of Class A Common Stock at the direction of the holder at any time.

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PART I: FINANCIAL INFORMATION

Item 1: Financial Statements

Chicken Soup for the Soul Entertainment, Inc.
Condensed Consolidated Balance Sheets

	September 30, 2023 (unaudited)	December 31, 2022
ASSETS		
Cash, cash equivalents and restricted cash of $3,657,070 and $3,706,153, respectively	$ 4,063,889	$ 18,738,395
Accounts receivable, net of allowance for doubtful accounts of $2,097,332 and $1,277,597, respectively	157,752,358	113,963,425
Prepaid expenses and other current assets	9,013,057	13,196,180
Operating lease right-of-use assets	13,690,157	16,315,342
Content assets, net	105,320,794	126,090,508
Intangible assets, net	44,521,255	305,425,709
Goodwill	120,494,059	260,748,057
Other assets, net	26,478,411	29,401,793
Total assets	$ 481,333,980	$ 883,879,409
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Accounts payable	$ 80,802,578	$ 50,960,682

Accrued expenses	74,358,659	87,817,015
Due to affiliated companies	3,222,990	3,778,936
Programming obligations	66,309,363	55,883,788
Film library acquisition obligations	38,009,206	39,750,121
Accrued participation costs	49,799,197	28,695,713
Debt, net	531,352,086	479,653,611
Contingent consideration	6,677,449	7,311,949
Put option obligation	4,100,000	11,400,000
Operating lease liabilities	15,180,113	18,079,469
Other liabilities	20,246,439	20,800,186
Total liabilities	890,058,080	804,131,470
Commitments and contingencies (Note 15)		
Stockholders' (Deficit) Equity:		
Series A cumulative redeemable perpetual preferred stock, $.0001 par value, liquidation preference of $25.00 per share, 10,000,000 shares authorized; 6,004,049 and 4,496,345 shares issued and outstanding, respectively; redemption value of $150,101,225 and $112,408,625, respectively	600	450
Class A common stock, $.0001 par value, 140,000,000 shares authorized; 26,469,201 and 15,621,562 shares issued, 24,036,159 and 13,198,720 shares outstanding, respectively	2,635	1,559
Class B common stock, $.0001 par value, 20,000,000 shares authorized; 7,654,506 shares issued and outstanding, respectively	766	766
Additional paid-in capital	403,012,833	355,185,280
Deficit	(783,416,716)	(247,752,446)
Accumulated other comprehensive income	(93,868)	47,528
Class A common stock held in treasury, at cost (2,433,042 and 2,422,842 shares, respectively)	(28,165,913)	(28,165,913)
Total stockholders' (deficit) equity	(408,659,663)	79,317,224
Noncontrolling interests	(64,437)	430,715
Total (deficit) equity	(408,724,100)	79,747,939
Total liabilities and equity	$ 481,333,980	$ 883,879,409

	March 31, 2024	**December 31, 2023**
	(unaudited)	
ASSETS		
Cash, cash equivalents and restricted cash of $4,611,765 and $3,292,737, respectively	$ 4,884,381	$ 3,316,652
Accounts receivable, net of allowance for doubtful accounts of $8,303,378 and $$7,986,617, respectively	138,156,416	142,088,225
Prepaid expenses and other current assets	8,311,712	10,390,282
Operating lease right-of-use assets	10,011,506	10,721,375
Content assets, net	69,293,411	71,614,094
Intangible assets, net	34,203,831	35,937,646
Goodwill	120,494,059	120,494,059
Other assets, net	28,720,528	27,738,292
Total assets	$ 414,075,844	$ 422,300,625
LIABILITIES AND EQUITY		
Accounts payable	$ 102,306,129	$ 91,809,542
Accrued expenses	91,582,797	78,779,505
Due to affiliated companies	5,132,562	5,537,842
Programming obligations	67,444,821	67,573,966
Film library acquisition obligations	47,734,651	45,961,877
Accrued participation costs	47,288,927	48,276,487
Debt, net	561,851,006	546,205,200
Contingent consideration	5,050,452	5,245,384

Put option obligation	3,693,337	3,693,337
Operating lease liabilities	12,578,201	13,570,976
Other liabilities	25,339,182	19,208,394
Total liabilities	$ 970,002,065	$ 925,862,510
Commitments and contingencies (Note 15)		
Stockholders' (Deficit) Equity:		
Series A cumulative redeemable perpetual preferred stock, $.0001 par value, liquidation preference of $25.00 per share, 10,000,000 shares authorized; 6,897,048 shares issued and outstanding, redemption value of $172,426,200, respectively	689	689
Class A common stock, $.0001 par value, 140,000,000 shares authorized; 27,237,500 and 27,166,739 shares issued, 24,804,458 and 24,733,697 shares outstanding, respectively	2,712	2,705
Class B common stock, $.0001 par value, 20,000,000 shares authorized; 7,654,506 shares issued and outstanding, respectively	766	766
Additional paid-in capital	409,661,538	409,150,852
Accumulated deficit	(937,206,008)	(884,303,830)
Accumulated other comprehensive income	(59,756)	(91,657)
Class A common stock held in treasury, at cost (2,433,042 shares, respectively)	(28,165,913)	(28,165,913)
Total stockholders' equity	(555,765,972)	(503,406,388)
Noncontrolling interests	(160,249)	(155,497)
Total (deficit) equity	(555,926,221)	(503,561,885)
Total liabilities and equity	$ 414,075,844	$ 422,300,625

See accompanying notes to unaudited condensed consolidated financial statements.

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Chicken Soup for the Soul Entertainment, Inc.
Condensed Consolidated Statements of Operations
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Net revenues	$ 65,723,886	$ 72,392,263	$ 255,233,242	$139,235,407	$ 27,395,944	$109,599,293
Costs and expenses						
Operating	65,889,842	60,155,906	227,481,977	114,327,838	28,386,996	96,306,368
Selling, general and administrative	25,466,875	27,632,865	82,786,956	55,795,064	21,279,591	32,763,551
Amortization and depreciation	10,452,032	6,349,026	32,630,834	9,677,727	3,888,532	11,183,717
Impairment of intangible assets and goodwill	374,706,666	—	374,706,666	—		
Management and license fees	3,886,794	4,774,758	16,665,284	11,459,073	1,211,758	7,852,141
Merger, transaction, and other costs	—	15,476,452	—	17,503,791		
Total costs and expenses	480,402,209	114,389,007	734,271,717	208,763,493	54,766,877	148,105,777
Operating loss	(414,678,323)	(41,996,744)	(479,038,475)	(69,528,086)	(27,370,933)	(38,506,484)
Interest expense	20,924,973	7,658,665	55,492,331	10,991,894	21,839,172	16,666,259

Other non-operating income, net	(939,328)	(4,551,004)	(3,004,513)	(5,032,201)	(474,516)	(694,690)
Loss before income taxes and preferred dividends	(434,663,968)	(45,104,405)	(531,526,293)	(75,487,779)	(48,735,589)	(54,478,053)
Income tax benefit	(4,715,748)	(27,320,839)	(5,400,284)	(27,286,839)		
Income tax provision					—	1,214,151
Net loss before noncontrolling interests and preferred dividends	(429,948,220)	(17,783,566)	(526,126,009)	(48,200,940)	(48,735,589)	(55,692,204)
Net loss attributable to noncontrolling interests	(155,074)	(167,289)	(359,678)	(348,024)	(35,782)	(127,662)
Net loss attributable to Chicken Soup for the Soul Entertainment, Inc.	(429,793,146)	(17,616,277)	(525,766,331)	(47,852,916)	(48,699,807)	(55,564,542)
Less: preferred dividends	3,561,592	2,443,970	9,897,939	7,117,481	4,202,371	3,012,591
Net loss available to common stockholders	$ (433,354,738)	$ (20,060,247)	$(535,664,270)	$ (54,970,397)	$(52,902,178)	$ (58,577,133)
Net loss per common share:						
Basic and diluted	$ (13.78)	$ (1.13)	$ (19.65)	$ (3.43)	$ (1.63)	$ (2.76)
Weighted-average common shares outstanding:						
Basic and diluted	31,442,984	17,802,522	27,256,807	16,040,097	32,388,203	21,249,105

See accompanying notes to unaudited condensed consolidated financial statements.

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Chicken Soup for the Soul Entertainment, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Net loss	$(429,948,220)	$(17,783,566)	$(526,126,009)	$(48,200,940)	$(48,735,589)	$(55,692,204)
Other comprehensive income (loss):						
Foreign currency translation adjustments	(44,685)	90,212	(276,870)	63,600	62,931	(174,934)
Comprehensive loss (income) attributable to noncontrolling interests	21,786	(41,941)	135,474	(27,214)		
Comprehensive income (loss) attributable to noncontrolling interests					(31,030)	85,698
Comprehensive loss	$(429,971,119)	$(17,735,295)	$(526,267,405)	$(48,164,554)	$(48,703,688)	$(55,781,440)

See accompanying notes to unaudited condensed consolidated financial statements.

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Chicken Soup for the Soul Entertainment, Inc

Condensed Consolidated Statements of Stockholders' (Deficit) Equity

(unaudited)

	Preferred Stock		Common Stock				Additional		Accumulated				Preferred Stock		Common Stock		
			Class A		Class B		Paid-In		Other Comprehensive	Treasury	Noncontrolling				Class A		Cla
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Capital	Deficit	Income (Loss)	Stock	Interests	Total	Shares	Par Value	Shares	Par Value	Shares
Balance, December 31, 2022 (audited)	**4,496,345**	**$ 450**	**15,621,562**	**$1,559**	**7,654,506**	**$ 766**	**$355,185,280**	**$(247,752,446)**	**$ 47,528**	**$(28,165,913)**	**$ 430,715**	**$ 79,747,939**					
Balance, December 31, 2023 (audited)													**6,897,048**	**$689**	**27,166,739**	**$2,705**	**7,654,50**
Share based compensation - stock options							850,821					850,821					
Share based compensation - common stock							63,750					63,750					
Issuance of common stock, net			359,831	21			1,887,220					1,887,241					
Issuance of preferred stock, net	617,182	61					10,657,221					10,657,282					
Stock issued under ESPP			8,703	18			156,773					156,791					
Lincoln Park			500,000	50			1,469,950					1,470,000					
Stock issued as payment for management and licensing fees			1,131,148	113			3,449,887					3,450,000			70,761	7	
Dividends on preferred stock								(3,012,591)				(3,012,591)					
Net loss attributable to noncontrolling interests											(127,662)	(127,662)					
Other comprehensive loss, net									(174,934)			(174,934)					
Other comprehensive income (loss), net																	

Comprehensive loss attributable to noncontrolling interests									85,698		(85,698)	—
Net loss								(55,564,542)				(55,564,542)
Balance, March 31, 2023 (unaudited)	**5,113,527**	**$ 511**	**17,621,244**	**$ 1,761**	**7,654,506**	**$ 766**	**$ 373,720,902**	**$ (306,329,579)**	**$ (41,708)**	**$ (28,165,913)**	**$ 217,355**	**$ 39,404,095**
Share based compensation - stock options							594,613					594,613
Share based compensation - common stock							63,750					63,750
Issuance of preferred stock, net	443,078	44					6,281,767					6,281,811
Issuance of common stock, net			7,978,888	787			15,099,652					15,100,439
Net loss attributable to noncontrolling interests											(76,942)	(76,942)
Stock issued as payment for management and licensing fees			403,799	40			1,231,547					1,231,587
Other comprehensive loss, net									(57,251)			(57,251)
Comprehensive loss attributable to noncontrolling interests									27,990		(27,990)	—
Dividends on preferred stock								(3,323,756)				(3,323,756)
Net loss								(40,408,643)				(40,408,643)
Balance, June 30, 2023 (unaudited)	**5,556,605**	**$ 555**	**26,003,931**	**$ 2,588**	**7,654,506**	**$ 766**	**$ 396,992,231**	**$ (350,061,978)**	**$ (70,969)**	**$ (28,165,913)**	**$ 112,423**	**$ 18,809,703**
Share based compensation - stock options							770,235					770,235
Share based compensation - common stock							106,250					106,250
Issuance of common stock, net			35,714	4			149,996					150,000

Issuance of preferred stock, net	447,444	45					3,910,696					3,910,741					
Stock issued under ESPP			110,966	11			111,759					111,770					
Stock issued as payment for management and licensing fees			318,590	32			971,666					971,698					
Dividends on preferred stock								(3,561,592)				(3,561,592)					
Net loss attributable to noncontrolling interests											(155,074)	(155,074)					
Other comprehensive loss, net									(44,685)			(44,685)					
Comprehensive loss attributable to noncontrolling interests									21,786		(21,786)	—					
Net loss								(429,793,146)				(429,793,146)					
Balance, September 30, 2023 (unaudited)	**6,004,049**	**$ 600**	**26,469,201**	**$ 2,635**	**7,654,506**	**$ 766**	**$ 403,012,833**	**$ (783,416,716)**	**$ (93,868)**	**$ (28,165,913)**	**$ (64,437)**	**$ (408,724,100)**					
Balance, March 31, 2024 (unaudited)													**6,897,048**	**$ 689**	**27,237,500**	**$ 2,712**	**7,654,50**

See accompanying notes to unaudited condensed consolidated financial statements.

	Preferred Stock		Common Stock				Additional		Accumulated				Preferred Stock		Common Stock		
			Class A		Class B		Paid-In		Other Comprehensive	Treasury	Noncontrolling				Class A		C
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Capital	Deficit	Income (Loss)	Stock	Interests	Total	Shares	Par Value	Shares	Par Value	Sha
Balance, December 31, 2021 (audited)	**3,698,318**	**$ 370**	**8,964,330**	**$ 899**	**7,654,506**	**$ 766**	**$ 240,609,345**	**$ (136,462,244)**	**$ 571**	**$ (13,202,407)**	**$ 651,853**	**$ 91,599,153**					
Balance, December 31, 2022 (audited)													**4,496,345**	**$ 450**	**15,621,562**	**$ 1,559**	**7,654**

Share based compensation - stock options							933,047					933,047				
Share based compensation - common stock							63,750					63,750				
Issuance of common stock, net															359,831	21
Issuance of preferred stock, net	52,060	5					1,288,734					1,288,739	617,182	61		
Purchase of treasury stock										(8,584,102)		(8,584,102)				
Acquisition of subsidiary noncontrolling interest			84,000	8			(2,200,008)					(2,200,000)				
Locomotive business combination											144,118	144,118				
1091 business combination	80,000	8	375,000	38			5,283,705					5,283,751				
Net loss attributable to noncontrolling interests											(38,385)	(38,385)				
Other comprehensive loss, net									(1,604)			(1,604)				
Comprehensive loss attributable to noncontrolling interests									1,015		(1,015)	—				
Dividends on preferred stock								(2,282,069)				(2,282,069)				
Net loss								(11,844,891)				(11,844,891)				
Balance, March 31, 2022 (unaudited)	**3,830,378**	**$ 383**	**9,423,330**	**$ 945**	**7,654,506**	**$ 766**	**$ 245,978,573**	**$ (150,589,204)**	**$ (18)**	**$ (21,786,509)**	**$ 756,571**	**$ 74,361,507**				
Share based compensation - stock options							894,108					894,108				
Share based compensation - common stock							63,750					63,750				
Issuance of common stock			155,871	16			1,120,403					1,120,419				
Issuance of preferred stock, net	112,770	11					2,727,469					2,727,480				

Common stock issued under employee stock purchase plan			12,133	1			89,825					89,826		
Shares issued to directors			16,998	2			(2)					—		
Purchase of treasury stock										(5,371,920)		(5,371,920)		
Net loss attributable to noncontrolling interests											(142,350)	(142,350)		
Other comprehensive loss, net									(25,008)			(25,008)		
Comprehensive loss attributable to noncontrolling interests									13,712		(13,712)	—		
Dividends on preferred stock								(2,391,442)				(2,391,442)		
Net loss								(18,391,748)				(18,391,748)		
Balance, June 30, 2022 (unaudited)	**3,943,148**	**$ 394**	**9,608,332**	**$ 964**	**7,654,506**	**$ 766**	**$ 250,874,126**	**$ (171,372,394)**	**$ (11,314)**	**$ (27,158,429)**	**$ 600,509**	**$ 52,934,622**		
Share based compensation - stock options							798,600					798,600		
Share based compensation - common stock							63,750					63,750		
Share based compensation - Redbox							2,232,182					2,232,182		
Issuance of preferred stock, net	130,343	13					3,100,463					3,100,476		
Issuance of common stock, net			219,095	22			2,255,748					2,255,770		
Stock options exercised			40,000	4			301,700					301,704		
Warrant issued and exercised - HPS			1,011,530	98			14,919,971					14,920,069		
Stock issued under ESPP			9,124	1			67,548					67,549	8,703	18
Redbox business combination			4,662,195	466			68,760,500					68,760,966		
Lincoln Park													500,000	50

Stock issued as payment for management and licensing fees															1,131,148	113	
Dividends on preferred stock								(2,443,970)				(2,443,970)					
Net loss attributable to noncontrolling interests											(167,289)	(167,289)					
Other comprehensive loss, net									90,212			90,212					
Comprehensive loss attributable to noncontrolling interests									(41,941)		41,941	—					
Net loss								(17,616,277)				(17,616,277)					
Balance, September 30, 2022 (unaudited)	**4,073,491**	**$ 407**	**15,550,276**	**$ 1,555**	**7,654,506**	**$ 766**	**$ 343,374,588**	**$ (191,432,641)**	**$ 36,957**	**$ (27,158,429)**	**$ 475,161**	**$ 125,298,364**					
Balance, March 31, 2023 (unaudited)													**5,113,527**	**$ 511**	**17,621,244**	**$ 1,761**	**7,654**

See accompanying notes to unaudited condensed consolidated financial statements.

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Chicken Soup for the Soul Entertainment, Inc

Condensed Consolidated Statements of Cash Flows

(unaudited)

	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	**2022**	**2024**	**2023**
Cash flows from Operating Activities:				
Net loss	$ (526,126,009)	$ (48,200,940)	$ (48,735,589)	$ (55,692,204)
Adjustments to reconcile net loss to net cash used in operating activities:				
Share-based compensation	2,449,419	5,049,187	294,871	914,571
Content asset impairment and amortization	56,483,118	30,794,640		
Content asset amortization			2,170,763	27,250,602

Amortization of deferred financing and debt discount costs	3,124,154	710,885	1,215,778	1,188,451
Impairment of intangible assets and goodwill	374,706,666	—		
Amortization and depreciation of intangibles, property and equipment	32,630,834	11,904,185	3,888,532	11,183,717
Bad debt and video return expense	2,702,319	1,962,407	337,743	1,157,703
Non-cash settlement of management and licensing fees	5,653,285	—		
Interest expense added to debt	43,076,196	—	16,117,861	—
Loss on debt extinguishment	—	311,718		
Non-cash payment of management and licensing fees			215,822	3,450,000
Deferred income taxes	(5,304,756)	(27,393,494)	—	1,179,597
Changes in operating assets and liabilities:				
Trade accounts receivable	(46,491,252)	(16,531,079)	6,594,066	(37,132,796)
Prepaid expenses and other assets	9,658,047	(7,277,542)	1,495,062	2,044,671
Content assets	(28,790,030)	(83,647,302)	59,920	(9,273,675)
Accounts payable, accrued expenses and other payables	18,988,750	(6,876,274)	18,244,518	21,676,983
Film library acquisition and programming obligations	12,892,054	69,583,548	(1,016,371)	(50,920)
Accrued participation costs	21,103,484	17,470,589	(987,560)	17,215,567
Other liabilities	1,851,651	943,273	(398,144)	(1,179,464)
Net cash used in operating activities	(21,392,070)	(51,196,199)	(502,728)	(16,067,197)
Cash flows from Investing Activities:				
Expenditures for property and equipment	(4,681,581)	(3,485,496)	(702,435)	(441,300)
Business combination, net of cash acquired	—	6,249,076		
Net cash (used in) provided by investing activities	(4,681,581)	2,763,580		
Net cash used in investing activities			(702,435)	(441,300)
Cash flows from Financing Activities:				
Repurchase of common stock	—	(13,956,022)		
Payment of contingent consideration	(634,500)	(6,970,707)	(194,932)	(245,250)
Payment of put option obligation	(7,300,000)	—	—	(4,750,000)
Acquisition of noncontrolling interests	—	(750,000)		
Payments of revolving loan	(390,830)	(26,121,191)		
Payments on capital leases	(1,454,910)	(162,925)		
Proceeds from 9.50% notes due 2025, net	—	11,094,946		
Payments for film acquisition advances	(7,972,153)	(4,767,238)		
Payments on film acquisition advances			(2,225,985)	(3,817,775)
Proceeds from factoring advances			6,144,125	—
Payments on other debt			(607,967)	(572,056)
Proceeds from issuance of Class A common stock	18,726,244	3,533,563	—	3,514,032
Proceeds from issuance of preferred stock	20,849,835	7,116,695	—	10,657,282
Proceeds from revolving loan	—	55,679,945		
Proceeds from film acquisition advances	—	20,330,867		
Proceeds from exercise of stock options and warrants	—	301,704		
(Decrease) increase in due to affiliated companies	(555,946)	2,099,908		
Increase (decrease) in due to affiliated companies			(405,280)	1,513,681
Dividends paid to preferred stockholders	(9,591,725)	(7,042,832)	—	(2,887,485)
Net cash provided by financing activities	11,676,015	40,386,713		
Net cash provided (used) by financing activities			2,709,961	3,412,429
Effect of foreign exchanges on cash, cash equivalents and restricted cash	(276,870)	63,600	62,931	(174,934)
Net decrease in cash, cash equivalents and restricted cash	(14,674,506)	(7,982,306)	1,567,729	(13,271,002)
Cash, cash equivalents and restricted cash at beginning of period	18,738,395	44,286,105	3,316,652	18,738,395
Cash, cash equivalents and restricted cash at end of the period	$ 4,063,889	$ 36,303,799	$ 4,884,381	$ 5,467,393
Supplemental data:				
Cash paid for interest	$ 4,999,451	$ 4,120,005	$ 2,746,043	$ 1,811,376
Non-cash investing activities:				

Property and equipment in accounts payable and accrued expenses	$ 590,654	$ 552,231	$ 173,889	$ 1,292,717
Non-cash financing activities:				
Class A common stock and additional consideration for acquisition of noncontrolling interest	$ —	$ 2,228,680		
Class A common stock and assumption of warrants for Redbox Merger	$ —	$ 70,005,148		
Warrant issued in conjunction with HPS credit facility	$ —	$ 14,920,068		
Non-cash settlement of management and licensing fees	$ 5,653,285	$ —		
Non-cash film acquisition advance	$ 11,130,768	$ —	$ —	$ 9,723,374
PIK interest added to HPS debt	$ 43,076,196	$ —		
Non-cash payment of management and licensing fees			$ 215,822	$ 3,450,000
PIK interest increase in HPS debt			$ 16,117,861	$ 13,518,091

See accompanying notes to unaudited condensed consolidated financial statements.

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Chicken Soup for the Soul Entertainment, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 1 – Description of the Business

Chicken Soup for the Soul Entertainment, Inc. is a Delaware corporation formed on May 4, 2016, that provides premium content to value conscious consumers. The Company is one of the largest advertising-supported video-on-demand (AVOD) companies in the U.S., with three flagship AVOD streaming services: Redbox, Crackle and Chicken Soup for the Soul. In addition, the Company operates Redbox Free Live TV, a free ad-supported streaming television service (FAST), with approximately 180 nearly 130 channels as well as a transaction video-on-demand (TVOD) service. To provide original and exclusive content to its viewers, the company Company creates, acquires and distributes films and TV series through its Screen Media and Chicken Soup for the Soul TV Group subsidiaries. Chicken Soup for the Soul Entertainment is a subsidiary of Chicken Soup for the Soul, LLC, which publishes the famous books series and produces super-premium pet food under the Chicken Soup for the Soul (CSS) brand name. References to “CSSE,” the “Company,” “we,” “us” and “our” refer to Chicken Soup for the Soul Entertainment, Inc. and its consolidated subsidiaries, unless the context otherwise requires.

The acquisition of Redbox in August 2022 added another established brand and leading home entertainment provider to the Chicken Soup for the Soul Entertainment portfolio of companies. For over 20 years, Redbox has focused on providing U.S. customers with the best value in entertainment and the most choice in how they consume it, through physical media and/or digital services. Through its physical media business, consumers can rent or purchase new-release DVDs and Blu-ray DiscsTM from its nationwide network of approximately 28,000 27,000 self-service kiosks. In the recent past, Redbox transformed from a pure-play DVD rental company to a multi-faceted entertainment company, providing additional value and choice to consumers through multiple digital products across a variety of content windows. The Redbox digital business includes Redbox On Demand, a TVOD service offering digital rental or purchase of new release and catalog movies; Redbox Free On Demand, an AVOD service providing free movies and TV shows on demand; and Redbox Free Live TV, an FLTV service giving access to approximately 180 over nearly 130 linear channels. Redbox also generates service revenue by providing installation, merchandising and break-fix services to other kiosk businesses, and by selling third-party display advertising via its mobile app, website, and e-mails, as well as display and video advertising at the kiosk.

The Company is managed by the Company’s CEO, Mr. William J. Rouhana, Jr, and has historically operated and reported as one segment the production and distribution of video content. The Company currently operates in the United States and India and derives its revenue primarily in the United States. The Company distributes content in over 56 countries and territories worldwide.

Substantial Doubt Exists Regarding Our Ability To Continue As A Going Concern

The accompanying consolidated financial statements and notes have been prepared assuming the Company will continue as a going concern. For During the nine three months ended September 30, 2023 March 31, 2024, the Company generated negative cash flows from operations of $21.4 million $(0.5) million, a net loss available to common stockholders of $(52.9) million and has a an accumulated deficit of $783.4 million at September 30, 2023. $(937.2) million. Our consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

CSSE's merger with Redbox occurred in August 2022. The merger included the assumption of $359.9 million of debt. The ability to service this debt and operate our combined business operations was predicated on a partial return to pre-COVID levels in the number and cadence of theatrical releases that were available to the company for its kiosk network, as well as cost synergies. synergies between the companies, and the ability to consummate certain accounts receivable financing. The corresponding rebound in demand for physical kiosk rentals was expected to return to approximately a third of 2019 levels, along with expected synergies from the acquisition, and accounts receivable financing, which would generate sufficient cash flows to cover the cash needs of the combined businesses.

The Company's operating plan Several factors negatively affected the planned integration of Redbox's operations into our company, including a) longer than anticipated period of unavailability of sufficient new titles as a result of the on-going impacts of COVID and budget called industries strikes, b) undisclosed preacquisition issues within Redbox, and c) disputes that arose with our lender as described in our Quarterly Report on Form 10-Q for the Company to obtain a working capital loan of up to $40 million secured by a first lien on the Company's accounts receivable. A working capital loan meeting this criteria is specifically contemplated three and permitted under the terms of the Company's primary credit facility, and was expected to be sufficient to enable the Company to take advantage of the expected rebound in theatrical releases which was set to occur in the late spring of 2023. nine months ended September 30, 2023.

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Chicken Soup for the Soul Entertainment, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

While the Company was offered a loan facility by a reputable private lending fund on terms compliant with the credit facility, the new loan facility was not approved by the Company's primary lender. Thus, as As the flow of theatrical releases began to increase following Covid, the Company's we believe that our inability to secure the accounts receivable loan financing for the reasons describe in our most recent 10-Q hampered its our ability to pay for and secure new content, which began to strain relationships with the Company's creditors, including content providers. As a result, the Company was unable to pay for all the movies that were offered to it by its providers, and as a result operating results

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failed to meet management's expectations, particularly in Redbox's kiosk rentals, resulting in insufficient cash flows and a significant working capital deficit hampering our ability to operate the business efficiently.

In order to partially replace the this working capital shortfall, resulting from the lack of the aforementioned working capital loan, the Company factored its short-dated receivables but was unable to factor its long-term receivables, (which we expected to create additional liquidity generally sufficient to cover which prevented us from making up the shortfall). short-fall. Also, the Company launched initiatives to improve its efficiency and reduce its cost structure, including, but not limited to, to: (i) optimizing its kiosk network, (ii) evaluating and implementing workforce reductions across its supply chain and corporate teams and (iii) maximizing cost synergies across the combined businesses.

The combination of these factors has resulted in asserted defaults and/or contractual terminations with critical content and service providers, impacting our ability to procure and monetize content efficiently across our distribution platforms. Due to the on-going ongoing impact of the above factors on our current and future results of operations, cash flows and financial condition, there is substantial doubt as to the ability of the Company to continue as a going concern.

In order to address these conditions, the Company has undertaken and is evaluating a number of strategic initiatives that management believes can provide sufficient financing to fund its operations. The Company has: i) hired an investment bank, Solomon Partners, and other advisors to help sell assets and to assess strategic alternatives to maximize the value for all shareholders; ii) procured three additional non-binding term sheets from third-party lenders, two for $50 million each and one for $145 million to provide additional financing that we believe should be sufficient to fund our future operations if and when closed; and iii) been engaged in active discussions to modify the underlying terms of our existing loan agreement, including, i) allowing us to close up to an additional $195 million of financing, ii) extension of terms on the loan and iii) conversion of the entire existing debt and accrued interest into a minority and noncontrolling interest in the Class A common stock of CSSE. As these term sheets and negotiations are nonbinding, have not been concluded, and lenders have no obligation to provide any additional loans or to extend or modify credit agreements, these plans to alleviate the substantial doubt may not be successful in whole or in part.

The Company has evaluated the impact of the additional financing and restructuring actions and initiatives described above on its ability to continue as a going concern. Absent an amendment to the terms of our primary credit facility and a viable solution under one of the Company's strategic alternatives, the Company intends to exercise all remedies available to it.

Our consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

Subsequent Events

Although the Company raised $5.9 million through private placements of its Series A Preferred Stock in the fourth quarter, the Company's capital resources continued to worsen. The Company believes this is a continuing consequence of a breach by our primary lender of the Company's credit facility. As a result of its the Company's diminished capital position, in the fourth quarter, the Company has received an increasing number of termination and/or non-renewal notices from content suppliers and other service providers, including receiving default notices under certain of its leases (offices, distribution facility, and certain of its car fleet). The Company's inability lenders. These financing partners have the ability to timely pay content providers has materially diminished the content available across the Company's distribution platforms and has had significant adverse effects on the Company's overall business and financial condition.

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Chicken Soup for the Soul Entertainment, Inc.

Notes evict us from facilities, repossess vehicles or call their debt, but none have done so to Condensed Consolidated Financial Statementsdate.

(unaudited)

The Company intends In April 2024, we put in place the framework to pursue all remedies allow us to execute the first phase of our broader turnaround plan by amending our credit agreement with HPS, as more fully described in Note 17 Subsequent Events. Phase 1 of our plan includes completing the first series of strategic financings by raising $175 million of working capital through a (a) $50 million sublicense and a (b) $125 million agreement with a third party comprised of a $65 million line of credit and a $60 million equipment lease to Redbox secured by assets owned by Redbox. We have begun working on Phase 2 of our plan and are cautiously optimistic based on the indications of interest to date, that we can complete our plan in the required time frame. While we believe that, if we are able to consummate the series of strategic financing transactions that we believe are available to it although there is no certainty of us in the remedies or recoveries the Company near term, we will be able to obtain, if any, settle material litigations, defend those for which we have a defense, and the timing of same. The Company also is working, promptly reinstitute key relationships, including with our key content producers and believes it suppliers, we ultimately may not be able to favorably renegotiate its material obligations; however, if the Company is consummate all such financing transactions in a manner that harms our business and financial performance. If we are unable to renegotiate acceptable terms or thereafter meet payment obligations consummate these strategic financing transactions in the near term, we likely will be required to seek relief and protections under any renegotiated terms, the cumulative impact could have a continuing adverse impact on the Company's operations and its financial position. As previously noted, the Company is evaluating all available strategic alternatives. United States federal bankruptcy laws.

On March 25, 2024, the Company received a staff determination from The Nasdaq Stock Market ("Nasdaq") to delist the Company's securities from the Nasdaq Capital Market (the "Staff Determination"). As disclosed previously, the Company has received two three separate notices from Nasdaq advising the Company that it is not in compliance with certain Nasdaq listing requirements. This includes The notices include the failure of our Class A common stock to trade at or above the Nasdaq required minimum $1 threshold for 30 consecutive days. If days, maintain a public float above $5 million on its Class A common stock (CSSE) and maintain equity of $10 million. The Company appealed the stock price does not increase Staff Determination on April 1, 2024 and has a hearing on May 21, 2024. The hearing request stays the delisting of the Company's securities pending the appeal and the Company's securities will continue to be listed on the Nasdaq Capital Market until a level that satisfies this requirement, decision is made. In the meantime, the Company intends is considering various strategic options to meet the minimum bid requirement through a reverse stock split. In November 2023, the Company failed to timely file remedy its third quarter Form 10-Q with the SEC. The Company believes that it will hereafter timely file all required Exchange Act reports with the SEC, and will engage noncompliance with Nasdaq on this requirement, there can be no assurance, however, that the Company's filing of this Form 10-Q and undertaking to timely file all future reports will satisfy Nasdaq. Listing Rules described above. If the Company is not be able to cure and meet the listing requirements with Nasdaq its Class A common stock (CSSE), 9.75% Series A Cumulative Redeemable Preferred Perpetual Stock (CSSEP), Common Stock Purchase Warrant (CSSEL) and 9.50% Notes due 2025 (CSSEN) may cease to be publicly traded on the Nasdaq Global Market. In such event, the Company intends to list such securities on another Nasdaq market, although there can be no assurance the Company will meet the criteria of any other market or will be able to secure listing thereon.

As described in this Quarterly Report on Form 10-Q, we are cautiously optimistic that (1) we will be able to complete Phase 1 of our turnaround plan, (2) that the mutual claims between our Company and our lender will be resolved satisfactorily and (3) such resolution, if resolved, will improve our Company's capital position, including through a reduction in our indebtedness.

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Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

The accompanying interim condensed consolidated financial statements of Chicken Soup for the Soul Entertainment, Inc. and subsidiaries have been prepared in conformity with accounting principles generally accepted in the United States and are consistent in all material respects with those applied in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 filed with the Securities and Exchange Commission (the "SEC") on March 31, 2023 April 19, 2024. These condensed consolidated financial statements are unaudited and have been prepared by the Company following the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted as permitted by such rules and regulations; however, the Company believes the disclosures are adequate to make the information presented not misleading.

The interim financial information is unaudited, but reflects all normal recurring adjustments that are, in the opinion of management, necessary to fairly present the information set forth herein. The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. Interim results are not necessarily indicative of the results for a full year.

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant items subject to such estimates and assumptions include revenue recognition, estimated film ultimate revenues, impairment of intangible assets and goodwill, allowance for doubtful accounts, intangible assets, share-based compensation expense, valuation allowance for net deferred tax assets and amortization of programming and film library costs. The Company bases its estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. On a regular basis, the Company evaluates the assumptions, judgments, and estimates. Actual results may differ from these estimates.

There have been no material changes in the Company's significant accounting policies as compared to the significant accounting policies described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022,

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except for the adoption ASU No. 2011-03, Transfers and Servicing (Topic 860): *Reconsideration of Effective Control for Repurchase Agreements*, for the sale of accounts receivable. See the *Sale of Receivables* for additional information. December 31, 2023.

Reclassifications

Certain amounts have been reclassified to conform to the current period's presentation.The reclassifications have no effect on the reported net loss.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include restricted cash of $3.7 million $4.6 million and $3.3 million at September 30, 2023 March 31, 2024 and December 31, 2022. December 31, 2023, respectively. See Note 11 for additional information.

Sale of Receivables

During the third quarter ended September 30, 2023, of 2023, the Company began factoring its accounts receivable on a nonrecourse basis with various finance partners. These agreements contain customary representations and warranties, with certain agreements providing for a specific percentage holdback on an invoice until the earlier of collection by the transferee or 180 days, as well as obligating the Company to provide support to the transferee's collection efforts in the event of nonpayment by our customer. As the Company does not maintain effective control over the transferred receivables, these transfers are derecognized from our Consolidated Balance Sheet. During the three and nine months ended September 30, 2023 March 31, 2024, the Company sold $18.4 $18.2 million of receivables, received $17.0 million $17.3 million of cash and incurred discount fees of $0.9 million. Transactions not qualifying for sale treatment are accounted for as a cash advance. The amount receivable from or payable to our factoring partners at September 30, 2023 March 31, 2024 is less than $1 million negligible and our collection support efforts have been de minimis, therefore, no servicing asset or liability is provided for.

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Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Expenditures that extend the life, increase the capacity, or improve the efficiency of property and equipment are capitalized, while expenditures for repairs and maintenance are expensed as incurred. Depreciation and amortization are recognized using the straight-line method over the following approximate useful lives:

	Useful Life
Redbox kiosks and components	3 - 5 years
Computers and software	2 - 3 years
Leasehold improvements (shorter of life of asset or remaining lease term)	3 - 6 years
Office furniture and equipment	5 - 7 years
Vehicles	3 - 4 years

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The value of the Company's property and equipment as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is included in Other assets, net on the Consolidated Balance Sheets and is as follows:

	September 30, 2023	**December 31, 2022**	**March 31, 2024**	**December 31, 2023**
Redbox kiosks and components	$ 13,163,000	$ 13,707,512	$ 14,760,206	$ 14,926,015
Computers and software	18,867,700	13,857,011	19,267,808	18,535,824
Leasehold improvements (shorter of life of asset or remaining lease term)	5,119,077	5,119,077	5,127,377	5,127,377
Office furniture and equipment	1,306,881	1,287,104	1,306,881	1,306,881
Vehicles	1,631,026	2,747,604	4,959,034	3,794,296
Property and equipment, at cost	40,087,684	36,718,308	45,421,306	43,690,393
Less: accumulated depreciation and amortization	(17,412,376)	(11,570,457)		
Accumulated depreciation and amortization			(22,116,582)	(19,980,292)
Property and equipment, net	$ 22,675,308	$ 25,147,851	$ 23,304,724	$ 23,710,101

During the three and nine months ended September 30, 2023 March 31, 2024 and 2023, the Company recorded depreciation and amortization expense of $2,752,131 $2,154,718 and $9,531,130, respectively. During the three and nine months ended September, 2022, the Company recorded depreciation and amortization expense of $1,854,480 and $2,021,295, $3,566,808 respectively.

Internal-Use Software

The Company capitalizes costs incurred to develop or obtain internal-use software during the application development stage. Capitalization of software development costs occurs after the preliminary project stage is complete, management authorizes the project, and it is probable that the project will be completed, and the software will be used for the function intended. The Company expenses costs incurred for training, data conversion, and maintenance, as well as spending in the post-implementation stage. A subsequent addition, modification or upgrade to internal-use software is capitalized only to the extent that it enables the software to perform a task it previously could not perform. The internal-use software is included in computers and software under property and equipment in the Company's Consolidated Balance Sheets. The Company amortizes internal-use software over its estimated useful life on a straight-line basis.

Assumed Redbox Warrant Liabilities

The Company classified its Redbox public and private placement warrants as a liability at their fair value. This liability is subject to remeasurement at each balance sheet date. With each such re-measurement, the warrant liability will be adjusted to fair value, with the change in fair value recognized in the Company's Statements of Operations in Other non-operating income, net. The public warrants are valued at a market price based on a quoted price in an active market. As both the public and private warrants have mostly the same characteristics the quoted price is used to remeasure all of the warrants. See Note 16 for additional information.

Asset Retirement Obligations

The asset retirement obligation ("ARO") represents the estimated amounts the Company is obligated to pay to return the space a Redbox kiosk occupies to its original condition upon removal of the kiosk. The Company utilizes current retirement costs to estimate the expected cash outflows for retirement obligations. The timing of kiosk removals cannot be reasonably determined. The Company's $12.6 million $14.3 million of ARO liabilities are included in Other liabilities on the Consolidated Balance Sheets.

Promotional Codes and Gift Cards

Redbox offers its consumers the option to purchase stored value products in the form of bulk promotional codes and electronic gift cards. There are no expiration dates on these products and the Company does not charge service fees that cause a decrease to customer balances in the case of gift cards. Cash receipts from the sale of promotional codes and gift

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cards are recorded as deferred revenue in Accrued expenses and recognized as revenue upon redemption. Additionally, the Company recognizes revenue from non-redeemed or partially redeemed promotional codes and gift cards in proportion to the historical redemption patterns, referred to as "breakage." Estimated breakage revenue is recognized over time in proportion to actual promotional code and gift card redemptions and is not material in any period presented.

As of September 30, 2023 and December 31, 2022, $7.4 million and $7.3 million, respectively, were deferred related to purchased but unredeemed promotional codes and gift cards and are included in Accrued expenses in the accompanying Consolidated Balance Sheets.

Loyalty Program

Redbox Perks allows members to earn points based on transactional and non-transactional activities with Redbox. As customers accumulate points, the Company defers revenue based on its estimate of both the amount of consideration paid by Perks members to earn awards and the value of the eventual award it expects the members to redeem. The Company defers an appropriate amount of revenue in order to properly recognize revenue from Perks members in relation to the benefits of the program. The Company also estimates the quantity of points that will not be redeemed by Perks members ("breakage"). Breakage reduces the amount of revenue deferred from loyalty points over the period of, and in proportion to, the actual redemptions of loyalty points based on observed historical breakage and consumer rental patterns. As of September 30, 2023 and December 31, 2022, $1.7 million and $2.3 million, respectively, of revenue was deferred related to Perks and is included in Accrued expenses in the accompanying Consolidated Balance Sheets.

Note 3 – Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In June 2016, November 2023, the FASB issued ASU No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"), 2023-07, Segment reporting, which requires disclosure of incremental segment information on an entity to assess impairment of its financial instruments based on its estimate of expected credit losses. Since the issuance of ASU 2016-13, the FASB released several amendments to improve annual and clarify the implementation guidance. interim basis. The provisions of ASU 2016-13 and the related amendments are standard is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2022 (fiscal year 2023 for the Company). Entities are required to apply these changes through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The adoption did not have a direct material impact on our financial statements.

In October 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU 2021-08") 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which requires an acquirer in a business combination to recognize and measure contract assets and contract liabilities in accordance with Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. The adoption did not have an immediate direct impact on our financial statements.

Recently Issued Accounting Standards

In June 2022, the FASB issued ASU No. 2022-03, "Fair Value Measurements (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions," which clarifies and amends the guidance of measuring the fair value of equity securities subject to contractual restrictions that prohibit the sale of the equity securities. The guidance will be effective for fiscal years beginning after December 15, 2023 , and interim periods within those fiscal years. We do beginning after December 15, 2024, and early adoption is permitted. The Company does not expect the adoption to have a material impact on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Improvements to income tax disclosures, which requires disclosure of disaggregated income taxes paid by jurisdiction, enhances disclosures in the effective tax rate reconciliation and modifies other income tax-related disclosures. The amendments are effective for annual periods beginning after December 15, 2024. The Company is currently evaluating the effect of adopting this guidance on its consolidated financial statements.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the condensed consolidated financial statements.

Chicken Soup for the Soul Entertainment, Inc.

Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 4 – Business Combinations Segment Reporting and Geographic Information

Merger with Redbox Entertainment Inc.

On August 11, 2022, the Company acquired all the outstanding equity interests of Redbox. Immediately prior to the merger closing, CSSE entered into a definitive financing arrangement with HPS Investment Partners, LLC ("HPS"), that amended Redbox's existing credit facility and the Company issued a warrant to HPS to acquire 4.5% of CSSE on a fully diluted post-merger basis. See Note 11 and Note 16 for additional information.

On closing of the merger, The Company's reportable segments have been determined based on the exchange rate distinct nature of 0.087 for each outstanding Redbox Class A common share, each vested and unvested restricted stock units its operations, the Company's internal management structure, and the common units of Redbox's Redwood Intermediate LLC subsidiary, financial information that is evaluated regularly by the Company's chief operating decision maker. The Company issued an aggregate of approximately 4.7 million shares of Class A common stock operates in one reportable segment and assumed the outstanding warrants of Redbox. Included currently operates in the Class A common stock were 199,231 shares issued in connection with the acceleration United States and settlement of outstanding Redbox's restricted stock units, or RSUs. The preliminary fair value of the Redbox RSUs was $2.9 million, of which $0.7 million was associated with services rendered prior to the acquisition and the remaining $2.2 million was expensed upon the acceleration of vesting immediately following the completion of the acquisition. The results of operations and financial position of Redbox are included internationally.

Net revenue generated in the Company's consolidated financial statements from the date of acquisition. The Company's transaction costs of $17.5 million were expensed as incurred in the merger and transaction costs on the Consolidated Statement of Operations for the year ended December 31, 2022.

The transaction was United States accounted for as a business combination. The purchase price consideration is determined with reference to the value approximately 95% and 55% of equity that the Company issued to the Redbox shareholders. The preliminary purchase price was calculated as follows:

Class A common stock	$ 65,828,719
Class A common stock issued upon vesting of Redbox RSUs	703,244
Class A common stock warrants issued to Redbox warrant holders	3,473,185
Total merger consideration	$ 70,005,148

The acquisition of Redbox has been accounted total net revenue for using the acquisition method of accounting, which requires that assets acquired, and liabilities assumed be recognized at their fair values as of the acquisition date. The following table summarizes the preliminary allocation of the purchase price to the assets acquired and liabilities assumed as of the acquisition date and subject to change up to one year after the date of acquisition and could result in changes to the amounts recorded below:

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Assets acquired:	
Cash, cash equivalents and restricted cash	$ 12,921,550
Accounts receivable	17,756,450
Content library	20,647,154
Prepaid expenses and other assets	16,439,902
Property and equipment	15,504,940
Right-of-use assets	7,183,735
Intangible assets(1)	291,200,000
Goodwill	211,932,734
Total assets acquired	593,586,465
Liabilities assumed:	
Debt	359,854,921
Accounts payable and accrued expenses	87,406,063
Operating lease liabilities	7,183,736
Financing lease liabilities	2,241,304
Other liabilities	66,895,293
Total liabilities assumed	523,581,317

Net assets acquired	$ 70,005,148

(1) The weighted-average useful life of the intangible assets acquired is approximately 14 years.

The above allocation of the purchase price was based upon certain preliminary valuations and other analyses. The purchase price allocations for this transaction were formalized in the third quarter of 2023.

The identifiable intangible assets included customer relationships, technology and trade names and are being amortized on a straight-line basis ranging from 3 years to 15 years. The valuation methods requires judgments and assumptions to determine the fair value of intangible assets, including growth rates, discount rates, customer attrition rates, expected levels of cash flows, and tax rates. Key assumptions used included revenue projections for fiscal 2022 through 2037, a tax rate of 25%, a discount rate of 11% - 12%, and a royalty rate of 2%. The technology intangible asset was valued using the estimated replacement cost method. Goodwill is attributable to the workforce of Redbox as well as expected future growth into new and existing markets and approximately $7.9 million is deductible for income tax purposes.

Unaudited Pro Forma Financial Information

The following table reflects the pro forma operating results for the Company which gives effect to the acquisition of Redbox as if it had occurred on January 1, 2022. The pro forma results are based on assumptions that the Company believes are reasonable under the circumstances. The pro forma results are not necessarily indicative of future results. The pro forma financial information includes the historical results of the Company and Redbox adjusted for certain items, which are described below, and does not include the effects of any synergies or cost reduction initiatives related to the acquisition.

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Net revenue	$ 99,561,227	$ 295,625,227
Net loss	$ (57,047,000)	$ (167,863,000)

Pro forma net loss for the three and nine months ended September, 2022 reflect adjustments primarily related to acquisition costs, interest expense, the amortization of intangible assets March 31, 2024 and stock-based compensation expense. The unaudited pro

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forma financial information is not necessarily indicative of what the Company's consolidated results would have been if the acquisition had been completed at the beginning of the period.

1091 Pictures Acquisition

On March 4, 2022, the Company consummated its acquisition of certain of the assets of 1091 Media, LLC, including all of the outstanding equity of its operating subsidiary, TOFG LLC, which does business under the name 1091 Pictures ("1091 Pictures"). 1091 Pictures provides full-service distribution services to film and series owners, including access to platforms that reach more than 100 countries, and related marketing support, and has a library of approximately 4,000 licensed films and television shows. The Company paid consideration of $13,283,750 through the payment of $8,000,000 in cash, the issuance of 375,000 shares 2023, respectively. All of the Company's Class A common stock and the issuance of 80,000 shares of the Company's Series A preferred stock.

The Company has allocated the purchase price to the identifiable net assets acquired, including intangible assets and liabilities assumed, based on the estimated fair values at the date of acquisition. The excess of the purchase price over the amount allocated to the identifiable assets and liabilities was recorded as goodwill.

The allocation of the purchase price to the fair values of the assets acquired and liabilities assumed at the date of the acquisition was as follows:

Accounts receivable, net	$ 4,677,133
Content assets	4,695,000
Other assets	49,347
Intangibles	2,810,000
Goodwill	5,476,711
Total assets acquired	17,708,191
Accounts payable and accrued expenses	129,244
Revenue share payable	1,623,177
Accrued third-party share	3,999,544
Total liabilities assumed	5,751,965
Net assets acquired	$ 11,956,226
Cash consideration	$ 8,000,000
Equity consideration - Class A common stock	3,303,750
Equity consideration - Series A Preferred Stock	1,980,000
Purchase price consideration	13,283,750
Less: cash acquired	(1,327,524)
Total Estimated Purchase Price	$ 11,956,226

The $2,810,000 of acquired intangibles represents the estimated fair value of the quality control certification process, trademarks, technology and noncompete agreements. These definite lived intangible long-lived assets are being amortized on a straight-line basis over their estimated useful life of 24 to 36 months.

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Financial Impact of Acquisitions

The following tables illustrate the stand-alone financial performance attributable to acquisitions included based in the Company's condensed consolidated statement of operations:

	Three Months Ended September 30, 2023		
	Redbox	**1091**	**Total**
Net revenue	$ 36,089,934	$ 4,536,617	$ 40,626,551
Net income (loss)	$ (393,023,009)	$ 481,206	$ (392,541,803)

	Three Months Ended September 30, 2022		
	Redbox	**1091**	**Total**
Net revenue	$ 31,585,586	$ 8,211,291	$ 39,796,877
Net income (loss)	$ (9,542,257)	$ 788,526	$ (8,753,731)

	Nine Months Ended September 30, 2023		
	Redbox	1091	Total
Net revenue	$ 122,357,732	$ 22,630,380	$ 144,988,112
Net income (loss)	$ (446,241,369)	$ 3,914,763	$ (442,326,606)

	Nine Months Ended September 30, 2022		
	Redbox	1091	Total
Net revenue	$ 31,585,586	$ 14,466,526	$ 46,052,112
Net income (loss)	$ (9,542,257)	$ 566,867	$ (8,975,390)

Note 5 – Revenue Recognition

The following table disaggregates our revenue by source:

	Three Months Ended September 30,				Three Months Ended March 31,			
	2023	% of revenue	2022	% of revenue	2024	% of revenue	2023	% of revenue
Revenue:								
VOD and streaming	$ 21,760,898	33 %	$ 30,895,649	43 %	$10,376,549	38 %	$ 34,611,586	32 %
Retail	27,532,500	42 %	25,658,906	35 %	15,451,555	56 %	32,259,454	29 %
Licensing and other	16,430,488	25 %	15,837,708	22 %	1,567,840	6 %	42,728,253	39 %
Net revenue	$ 65,723,886	100 %	$ 72,392,263	100 %	$27,395,944	100 %	$109,599,293	100 %

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	Nine Months Ended September 30,			
	2023	% of revenue	2022	% of revenue
Revenue:				
VOD and streaming	$ 88,096,073	34 %	$ 81,753,377	59 %
Retail	90,752,363	36 %	25,658,906	18 %
Licensing and other	76,384,806	30 %	31,823,124	23 %
Net revenue	$ 255,233,242	100 %	$ 139,235,407	100 %

VOD and streaming

VOD and streaming revenue included in this revenue source is generated as the Company exhibits content through the Crackle Plus and Redbox streaming services including AVOD, FAST, and TVOD platforms available via connected TV's, TVs, smartphones, tablets, gaming consoles and the web through our the Company's owned and operated platforms, as well as third-party platforms. The Company generates streaming revenues for our its networks in three primary ways, selling advertisers video ad inventory on our its AVOD and FAST streaming services, selling advertisers the ability to present content to our its viewers, often with fewer commercials, and selling advertisers product and content integrations and sponsorships related to our its original productions, as well as revenues from our the Company's direct-to-consumer TVOD platform. In addition, this revenue source includes third-party streaming platform license revenues, including TVOD, AVOD, FAST and SVOD related revenues.

Retail

Revenue from Redbox movie rentals is recognized for the period that the movie is rented and is recorded net of promotional discounts offered to the Company's consumers, uncollected amounts and refunds that it grants to its customers. The sale of previously rented movies out of our the Company's kiosks is recognized at the time of sale. On rental transactions for which the related movie has not yet been returned to the kiosk at month-end, revenue is recognized with a corresponding receivable recorded in the balance sheet, net of a reserve for potentially uncollectable amounts that is considered a reduction from gross revenue as collectability is not reasonably assured.

Licensing and other

Licensing and other revenue included in this revenue source is generated as the Company licenses movies and television series worldwide, through Screen Media Ventures and 1091 Pictures, through license agreements across channels,

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including theatrical and home video. Additionally, Licensing and other also includes the sale of content, other revenue related to the Company's intellectual property, and content services revenue, including development, non-writing executive producer fees and production services.

Contract balances include the following:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Accounts receivable, net	$ 22,038,271	$ 39,467,049	$ 2,830,831	$ 10,948,965
Contract assets (included in accounts receivable)	135,714,087	74,496,376	135,325,585	131,139,260
Total accounts receivable, net	$ 157,752,358	$ 113,963,425	$ 138,156,416	$ 142,088,225
Deferred revenue (included in accrued expenses)	$ (19,040,485)	$ (12,043,508)	$ 23,718,474	$ 18,588,944
Revenue recognized from beginning balance within reporting period			$ 2,101,785	$ 4,453,586

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During the three months ending September 30, 2023 March 31, 2024, customer A C represented 23% 25% of the total revenue. revenue, respectively. During the nine three months ending September 30, 2023 March 31, 2023, customers A and B represented 12% 19% and 16% 37% of the total revenue, respectively. No other customer represented more than 10% of revenue for the three months ending March 31, 2024 and 2023 respectively.

As of September 30, 2023 March 31, 2024, customers A and B represented 25% 27% and 31% 33%, respectively, of the total accounts receivable, net.
As of December 31, 2022 December 31, 2023, customers C A and D B represented 14% 27% and 12% 32%, respectively, of the total accounts receivable, net. No other individual customer represented more than 10% of accounts receivable as of March 31, 2024 and December 31, 2023 respectively. In March 2024 customer B who has a $50 million balance related to a content licensing agreement approached us about expanding and amending the terms of the agreement. The proposal includes modifying the form of consideration to include a non-cash component. As of the date of this filing, there are no changes to the terms of the agreement.

The table below summarizes the activity in the allowance for doubtful accounts for credit losses:

	March 31, 2024	March 31, 2023
Allowance for Doubtful Accounts:		
Beginning Balance, January 1	$ 7,986,617	$ 1,277,597
Changes in provisions	316,761	314,481
Ending Balance	$ 8,303,378	$ 1,592,078

Note 6 – Share-Based Compensation

Effective January 1, 2017, the Company adopted the 2017 Long Term Incentive Plan (the "Plan") to attract and retain certain employees. The Plan provides for the issuance of up to 5,000,000 common stock equivalents, inclusive of an additional 2,500,000 shares authorized by the shareholders of the Company in September, 2022, on June 30, 2022, subject to the terms and conditions of the Plan. The Plan generally provides for quarterly and bi-annual vesting over terms ranging from two to three years. years. The Company accounts for the Plan as an equity plan.

The Company recognizes stock options granted under the Plan at fair value determined by applying the Black Scholes options pricing model to the grant date market value of the underlying common shares of the Company.

The compensation expense associated with these stock options is amortized on a straight-line basis over their respective vesting periods. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recognized $770,235 $231,121 and $798,600, respectively, and for the nine months ended September 30, 2023 and 2022, the Company recognized $2,215,669 and $2,625,756, $850,821, respectively, of non-cash share-based compensation expense in selling, general and administrative expenses in the condensed consolidated statements of operations.

Stock options activity through September 30, 2023 is as follows:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (Yrs.)	Aggregate Intrinsic Value
Outstanding at December 31, 2022	1,511,046	$ 14.89	3.15	$ —
Granted	—	—	—	—
Forfeited	(37,000)	19.27	—	—

Exercised	—	—	—	—
Expired	—	—	—	—
Outstanding at September 30, 2023	1,474,046	$ 14.62	2.38	$ —
Vested and exercisable at December 31, 2022	889,623	$ 14.02	2.62	$ —
Vested and exercisable at September 30, 2023	1,053,417	$ 14.35	2.05	$ —

As of September 30, 2023 the Company had unrecognized pre-tax compensation expense of $2,649,523 related to non-vested stock options under the Plan of which $770,235, $1,709,556, and $169,732 will be recognized in 2023, 2024 and 2025, respectively.

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We used Stock options activity through March 31, 2024 is as follows:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (Yrs.)	Aggregate Intrinsic Value
Outstanding at December 31, 2023	1,292,546	$ 14.41	2.10	$ —
Granted	—	—	—	—
Forfeited	(38,834)	17.80	1.92	—
Exercised	—	—	—	—
Expired	(270,000)	8.10	—	—
Outstanding at March 31, 2024	983,712	$ 16.01	2.40	$ —
Vested and exercisable at December 31, 2023	938,292	$ 14.18	1.77	$ —
Vested and exercisable at March 31, 2024	713,794	$ 16.92	2.21	$ —

As of March 31, 2024 the following weighted average assumptions Company had unrecognized pre-tax compensation expense of $1,235,746 related to estimate non-vested stock options under the fair value Plan of which $1,080,932, and $154,814 will be recognized in 2024 and 2025, respectively.

There were no stock options granted for the periods presented as follows: three months ended March 31, 2024 and 2023 respectively.

Weighted Average Assumptions:	Nine Months Ended September 30, 2023(a)	2022
Expected dividend yield	— %	— %
Expected equity volatility	— %	68.9 %
Expected term (years)	—	5
Risk-free interest rate	— %	2.66 %
Exercise price per stock option	$ —	$ 8.82
Market price per share	$ —	$ 8.82
Weighted average fair value per stock option	$ —	$ 4.89

(a) There were no stock options granted during the nine months ended September 30, 2023.

The risk-free rates are based on the implied yield available on U.S. Treasury constant maturities with remaining terms equivalent to the respective expected terms of the options.

The Company estimates expected terms for stock options awarded to employees using the simplified method in accordance with ASC 718, *Stock Compensation,* because the Company does not have sufficient relevant information to develop reasonable expectations about future exercise patterns. The Company estimates the expected term for stock options using the contractual term. Expected volatility is calculated based on the Company's peer group because the Company does not have sufficient historical data and will continue to use peer group volatility information until historical volatility of the Company is available to measure expected volatility for future grants.

The Company also awards common stock under the Plan to directors, employees and third-party consultants that provide services to the Company. The value is based on the market price of the stock on the date granted and amortized over the vesting period. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recognized in selling, general and administrative expense, non-cash share-based compensation expense relating to common stock grants of $63,750 and $63,750, respectively. For the nine months ended September 30, 2023 and 2022, the Company recognized in selling, general and administrative expense, non-cash share-based compensation expense relating to common stock grants of $191,250 and $191,250, respectively. In addition to the share-based compensation, two of the Company's directors received stock in-lieu of their cash payments during the three months ended September 30, 2023 in the amount $42,500. $63,750.

Note 7 – Earnings (Loss) Per Share

Basic earnings (loss) per share is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted earnings (loss) per share is computed by dividing the net income (loss) available to common stockholders by the weighted-average number of common shares outstanding and potentially dilutive common shares outstanding during the period. Potentially dilutive common shares include stock options and warrants outstanding during the period, using the treasury stock method. Potentially dilutive common shares are excluded from the computations of diluted earnings per share if their effect would be anti-dilutive. A net loss available to common stockholders causes all potentially dilutive securities to be anti-dilutive and are not included. There were no anti-dilutive stock options or warrants for the three and six month periods ending September 30, 2023.

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Basic and diluted loss per share is computed as follows:

	Three Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2024	2023
Net loss available to common stockholders	$ (433,354,738)	$ (20,060,247)	$(52,902,178)	$(58,577,133)
Basic weighted-average common shares outstanding	31,442,984	17,802,522	32,388,203	21,249,105
Dilutive effect of options and warrants	—	—	—	—
Weighted-average diluted common shares outstanding	31,442,984	17,802,522	32,388,203	21,249,105
Basic and diluted loss per share	$ (13.78)	$ (1.13)	$ (1.63)	$ (2.76)

Anti-dilutive stock options and warrants	—	59,785

	Nine Months Ended September 30,	
	2023	2022
Net loss available to common stockholders	$ (535,664,270)	$ (54,970,397)
Basic weighted-average common shares outstanding	27,256,807	16,040,097
Dilutive effect of options and warrants	—	—
Weighted-average diluted common shares outstanding	27,256,807	16,040,097
Basic and diluted loss per share	$ (19.65)	$ (3.43)

Note 8 – Content Assets, net

Content assets, net consists of the following:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Original productions:			(unaudited)	
Programming costs released	$ 34,305,804	$ 31,081,500	$ 34,311,305	$ 34,311,305
In production	65,170	806,009	—	—
In development	8,642,704	8,377,649	8,089,560	8,089,560
Less: accumulated amortization (a)	(34,198,041)	(31,651,552)		
Accumulated amortization (a)			(41,636,891)	(41,630,180)
Programming costs, net	8,815,637	8,613,606	763,974	770,685
Film library:				
Film library acquisition costs	225,021,820	208,982,878	242,188,893	242,143,403
Less: accumulated amortization (b)	(153,635,072)	(125,967,305)		
Accumulated amortization (b)			(183,109,552)	(181,745,110)
Film library costs, net	71,386,748	83,015,573	59,079,341	60,398,293
Licensed program rights:				
Programming rights	73,214,666	56,288,723	64,270,817	63,001,943
Less: accumulated amortization (c)	(48,096,257)	(21,827,394)		
Accumulated amortization			(54,820,721)	(52,556,827)
Programming rights, net	25,118,409	34,461,329	9,450,096	10,445,116
Content assets, net	$ 105,320,794	$ 126,090,508	$ 69,293,411	$ 71,614,094

(a) As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, accumulated amortization includes impairment expense of $11,374,639 $10,352,207, and $10,352,207, respectively.

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(b) As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, accumulated amortization includes impairment expense of $12,236,701 $30,274,236 and $8,595,099, $30,274,236, respectively.

(c) As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, accumulated amortization includes impairment expense of $7,057,143 $0 and $0, respectively.

Original productions programming costs consist primarily of episodic television programs which are available for distribution through a variety of platforms, including Crackle. Amounts capitalized include development costs, production costs and direct production overhead costs.

Film library consists primarily of the cost of acquiring film distribution rights and related acquisition costs.

Costs related to original productions and film library are amortized in the proportion that revenues bear to management's estimates of the ultimate revenues expected to be recognized from various forms of exploitation.

Licensed program rights consist of licenses to various titles which the Company makes available for streaming on Crackle and Redbox's kiosks and streaming services for an agreed upon license period.

Amortization of content assets is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Original productions	$ 717,144	$ 520,471	$ 1,524,057	$ 1,583,994	$ —	$ 490,119
Film library	2,568,656	7,008,740	24,026,165	19,874,419	1,318,520	19,412,044
Licensed program rights	4,679,600	8,119,792	19,211,720	9,336,227	852,243	7,348,439
Content asset impairment	8,079,575	—	11,721,177	—		
Total content asset amortization	$ 16,044,975	$ 15,649,003	$ 56,483,119	$ 30,794,640	$2,170,763	$27,250,602

During the three and nine months ended September 30, 2023 the Company recorded content impairments of $8,079,575 March 31, 2024, and $11,721,177, respectively. The impairment in the third quarter of 2023, principally relates to a $7.1 million write-off related to a commercial dispute with a third-party licensor and the incremental charges for the nine months reflect, adjustments related to film ultimates in the first half of the year. During the three and nine months ended September 30, 2022, the Company did not record any impairments related to content assets.

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Note 9 – Intangible Assets and Goodwill

Intangible assets, net, consists of the following:

	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Carrying Amount
September 30, 2023:								
March 31, 2024:								
Crackle Plus content rights	$ 1,708,270	$ 1,708,270	$ -	$ -	$ 1,708,270	$ 1,708,270	$ —	$ —
Crackle Plus brand value	18,807,004	11,754,380	2,753,000	4,299,624	18,807,004	12,157,467	6,649,537	—
Crackle Plus partner agreements	4,005,714	3,505,000	-	500,714	4,005,714	3,705,285	300,429	—
Distribution network	3,600,000	2,800,000	-	800,000	3,600,000	3,400,000	—	200,000
Locomotive contractual rights	1,206,870	786,194	-	420,676	1,206,870	987,339	—	219,531
1091 intangible assets	2,810,000	1,636,111	-	1,173,889	2,810,000	2,128,611	—	681,389
Redbox - Trade names and trademarks	82,700,000	6,202,500	52,798,000	23,699,500	82,700,000	7,053,979	52,798,000	22,848,021
Redbox - Technology	30,800,000	4,950,000	17,150,000	8,700,000	30,800,000	5,685,211	17,150,000	7,964,789
Redbox - Customer Relationships	177,700,000	15,783,750	160,103,750	1,812,500	177,700,000	16,267,083	160,103,750	1,329,167
Popcornflix brand value	7,163,943	549,591	3,500,000	3,114,352	7,163,943	796,855	5,406,154	960,934
Total definite lived intangibles	330,501,801	49,675,796	236,304,750	44,521,255	330,501,801	53,890,100	242,407,870	34,203,831
Chicken Soup for the Soul Brand	5,000,000	-	5,000,000	-	5,000,000	—	5,000,000	-
Total indefinite lived intangibles	5,000,000	-	5,000,000	-	5,000,000	—	5,000,000	-
Total	$ 335,501,801	$ 49,675,796	$ 241,304,750	$ 44,521,255	$335,501,801	$53,890,100	$247,407,870	$34,203,831
December 31, 2022:								
December 31, 2023:								
Crackle Plus content rights	$ 1,708,270	$ 1,708,270	$ —	$ —	$ 1,708,270	$ 1,708,270	$ —	$ —
Crackle Plus brand value	18,807,004	9,739,341	—	9,067,663	18,807,004	12,157,467	6,649,537	—
Crackle Plus partner agreements	4,005,714	2,904,143	—	1,101,571	4,005,714	3,705,285	300,429	—
Distribution network	3,600,000	1,900,000	—	1,700,000	3,600,000	3,100,000	—	500,000
Locomotive contractual rights	1,206,870	484,477	—	722,393	1,206,870	886,767	—	320,103
1091 intangible assets	2,810,000	861,111	—	1,948,889	2,810,000	1,894,444	—	915,556
Redbox - Trade names and trademarks	82,700,000	2,067,500	—	80,632,500	82,700,000	6,628,240	52,798,000	23,273,760
Redbox - Technology	30,800,000	1,650,000	—	29,150,000	30,800,000	5,317,606	17,150,000	8,332,394

Redbox - Customer Relationships	177,700,000	5,261,250	—	172,438,750	177,700,000	16,025,417	160,103,750	1,570,833
Popcornflix brand value	7,163,943	—	3,500,000	3,663,943	7,163,943	732,789	5,406,154	1,025,000
Total definite lived intangibles	330,501,801	26,576,092	3,500,000	300,425,709	330,501,801	52,156,285	242,407,870	35,937,646
Chicken Soup for the Soul Brand	5,000,000	—	—	5,000,000	5,000,000	—	5,000,000	—
Total indefinite lived intangibles	5,000,000	—	—	5,000,000	5,000,000	—	5,000,000	—
Total	$ 335,501,801	$ 26,576,092	$ 3,500,000	$ 305,425,709	$335,501,801	$52,156,285	$247,407,870	$35,937,646

Amortization expense was $7.7 million $1.7 million and $4.5 million $7.6 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $23.1 million and $7.7 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

As of September 30, 2023 March 31, 2024, amortization expense for the next five years is expected be:

Remainder of 2023	$ 2,480,491	
2024	8,397,392	$ 4,274,252
2025	6,246,585	4,157,686
2026	4,577,986	3,429,631
2027	3,906,169	3,429,631
2028	3,173,381	3,173,381
Beyond	15,739,251	15,739,250
Total	$ 44,521,255	$34,203,831

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(unaudited)

Total goodwill on our Condensed Consolidated Balance Sheets was $120.5 million and $260.7 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and is comprised of the following:

	September 30, 2023			March 31, 2024		
	Digital	Distribution & Production	Retail	Online Networks	Distribution & Production	Redbox
Beginning balance	$ 155,069,845	$ 26,552,214	$ 79,125,998	$ 93,941,845	$ 26,552,214	$ —
Adjustments	—	—	(3,352,082)	—	—	—
Accumulated impairments	(61,128,000)	—	(75,773,916)			
Accumulated impairment losses				—	—	—
Total	$ 93,941,845	$ 26,552,214	$ —	$ 93,941,845	$ 26,552,214	$ —

	December 31, 2022	December 31, 2023

	Digital	Distribution & Production	Retail	Online Networks	Distribution & Production	Redbox
Beginning balance	$ 18,911,027	$ 21,075,503	$ —	$155,069,845	$ 26,552,214	$ 79,125,998
Acquisitions	136,158,818	5,476,711	79,125,998			
Adjustments				—	-	(3,352,082)
Accumulated impairment losses				(61,128,000)	—	(75,773,916)
Total	$ 155,069,845	$ 26,552,214	$ 79,125,998	$ 93,941,845	$ 26,552,214	$ —

During the quarter ended September 30, 2023, the Company undertook a review of its goodwill across its reporting units due There was no impairment recorded related to operating results not meeting management's expectations, particularly Redbox's kiosk rentals. The Company performed a qualitative and quantitative assessment, as required, for its reporting units, goodwill and the indefinite lived intangibles.

The Company utilized a discounted cash flow method that estimates the free cash flow available to both debt and equity investors to determine the enterprise value of the reporting unit. The analysis for the Distribution & Production reporting unit indicated that there were no impairment conditions. The analysis for the Digital and Retail reporting units indicated an impairment condition existed. As such, the Company evaluated the recoverability of the long-lived intangible assets in the reporting units three months ended March 31, 2024, and 2023, respectively.

During 2023, the Company recorded a $380.8 million impairment charge principally for goodwill and intangibles principally related to its Redbox acquisition. At December 31, 2023 the Company qualitatively determined that there was an intangible no additional impairment condition related to its goodwill and intangibles. A sustained deterioration in business further, including our inability to consummate additional financings under our strategic initiatives discussed elsewhere, could result in additional impairments in the future, which could have a material adverse effect on our business, financial condition and results of $237.8 million and goodwill was impaired by $136.9 million across the two units for the three and nine months ended September 30, 2023.

operations.

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Note 10 – Leases

At September 30, 2023 March 31, 2024, the following amounts were recorded on the Condensed Consolidated Balance Sheets relating to our operating and finance leases.

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Right-of-Use Assets				
Operating lease right-of-use assets	$ 13,690,157	$ 16,315,342	$ 10,011,506	$ 10,721,375
Lease Liabilities:				
Operating lease liabilities	$ 15,180,113	$ 18,079,469	$ 12,578,201	$ 13,570,976
Finance Lease cost				
Amortization of right-of-use assets	$ 1,347,679	$ 827,191	$ 506,427	$ 1,743,370
Interest on lease liabilities	111,178	35,633		
Interest of lease liabilities			79,632	172,888

Total finance lease cost	$ 1,458,857	$ 862,824	$ 586,059	$ 1,916,258

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Operating leases				
Weighted average remaining lease term	5.6 years	5.9 years	4.9 years	5.0 years
Weighted average discount rate	7%	7%	12%	12%
Finance Leases				
Weighted average remaining lease term	2.6 years	1.1 years	2.6 years	2.6 years
Weighted average discount rate	5%	4%	6%	6%

As our leases do not provide an implicit interest rate, we use our incremental borrowing rate based on the information available at the lease commencement date. Upon transition to ASC Topic 842, the Company used the incremental borrowing rate on January 1, 2022 for all operating leases that commenced prior to that date. We have operating leases primarily for office space. Lease costs are generally fixed, with certain contracts containing escalations in the lessors' annual costs. See Note 1, *Subsequent Events*During fiscal year 2023, certain leases were modified due to non-payment of rent which triggered remeasurement and reduction of lease liability and right-of-use assets. At March 31, 2024, the Company is in default of its primary office leases, distribution center lease and car fleet lease, providing the ability for additional information regarding defaults under our operating and financing leases.lessors to evict the Company from its premises or repossess the vehicles.

For the three months ended September 30, 2023March 31, 2024, and 2022,2023, rent expense including short-term leases was $2.0 million$1.8 million. Operating lease expense included in rent expense was $1.1 million and $1.4 million, respectively, and $5.5 million and $2.7 million, for the nine months ended September 30, 2023 and 2022,$1.2 million respectively. Cash paid for amounts included in operating lease liabilities was $3.8$0.5 million as of September 30, 2023March 31, 2024.

The expected future payments relating to our operating and finance lease liabilities at September 30, 2023March 31, 2024 are as follows:

	Operating	Financing	Operating	Financing
Remainder of 2023	$ 1,182,546	$ 365,927		
2024	4,195,546	1,420,853		
Remainder of 2024			$ 7,332,251	$1,660,122
2025	3,675,921	1,164,873	2,415,894	1,970,200
2026	2,104,048	817,008	2,104,048	1,622,365
2027	1,643,022	65,969	1,643,022	564,814
2028	1,495,221	—	1,495,221	—
Thereafter	3,735,105	—	3,735,105	—
Total minimum payments	18,031,409	3,834,630	18,725,541	5,817,501
Less amounts representing interest	2,851,296	318,717	6,147,340	604,316
Present value of minimum payments			$12,578,201	$5,213,185

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Present value of minimum payments	$ 15,180,113	$ 3,515,913

Note 11 – Debt

Debt, net for the periods presented was as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
HPS term	$ 369,900,033	$ 335,342,705	$ 395,809,587	$ 382,911,682
HPS revolving loan	90,881,204	82,362,336	97,290,457	94,070,501
Notes due 2025	44,855,900	44,855,900	44,855,900	44,855,900
Film acquisition advances	30,996,179	27,837,565	27,280,211	29,105,770
MUFG Bank, LTD film financing facility	6,186,413	6,577,243		
MUFG Union Bank film financing facility			5,819,470	5,969,896
Other debt	5,934,595	3,204,255	5,766,064	5,477,912
Total gross debt	548,754,324	500,180,004	576,821,689	562,391,661
Less: debt issuance costs and discounts	(17,402,238)	(20,526,393)	(14,970,683)	(16,186,461)
Total debt, net	531,352,086	479,653,611	561,851,006	546,205,200
Less: current portion	(22,169,834)	(18,798,515)	(130,957,993)	(34,588,027)
Total long-term debt, net	$ 509,182,252	$ 460,855,096	$ 430,893,013	$ 511,617,173

HPS Credit Agreement

On August 11, 2022, concurrently with the consummation of the Redbox merger transaction described in Note 4, the Company entered into an Amended and Restated Credit Agreement ("HPS Credit Agreement") by and among the Company, as primary borrower, Redbox Automated, as co-borrower, the Lenders named therein, and HPS Investment Partners LLC, as administrative agent, and collateral agent ("HPS").

Pursuant to the terms of the HPS Credit Agreement, the Company obtained (i) a term loan facility consisting of the conversion, and assumption by us, of all "Senior Obligations" under (and as defined in) the HPS Credit Agreement (other than any outstanding Sixth Amendment Incremental Revolving Loans under (and as defined in) the credit agreement (the "Redbox Credit Agreement"), dated as of October 20, 2017, by and among Redwood Intermediate, LLC, Redbox Automated, Redwood Incentives LLC, the lenders party thereto and HPS, as amended from time to time thereafter, with the sixth amendment thereto occurring on April 15, 2022 (this last amendment being referred to as the "Sixth Amendment") and (ii) an $80 million revolving credit facility (with any outstanding Sixth Amendment Incremental Revolving Loans under the Redbox Credit Agreement as amended by the Sixth Amendment being deemed, and assumed by us as, revolving loans thereunder), combined all together referred to as the "Senior Facilities".

Interest is payable on the Senior Facilities entirely in cash or, for a period of up to 18 months, could be paid by increasing the principal amount of the Senior Facilities (PIK Interest), or through a combination of cash and PIK Interest. The applicable margin for borrowings under the HPS Term Loan and Revolving Credit Facility is 7.25% plus the greater of SOFR or 1.0% per annum. In addition, the loan contains an unused line fee of 3.625% per annum. Interest and fees on the loan are payable in arrears on the payment dates and on the maturity of the loan. The maturity of the revolving credit facility is 30 months or February 11, 2025 and the term loan is 5 years or August 11, 2027. Beginning in August of 2024 the Company may be subject to quarterly payments based upon any excess cash flow.

At the closing, the Company assumed $357.5 million of debt ($325.8 million under a term loan and $31.7 million funded under an $80 million revolving credit facility) and drew down $25.9 million on the revolving credit facility, all at an interest rate of SOFR plus 7.25% (10.3%). On September 19, 2022, the Company made an additional draw under the revolving facility of $22.3 million with an interest rate of SOFR plus 7.25% (10.85%). Furthermore, the Company issued a warrant to HPS to acquire 4.5% of the fully diluted shares of the Company's common stock (known as Class A common

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stock and Class B common stock as a single class) and paid closing costs of $1.2 million. The warrant was valued at $14.9 million and is included in debt issuance costs and is being amortized over the life of the debt.

Since August 11, 2022, the Company has elected to add PIK interest accrued on the outstanding debt, resulting in an increase to the Senior Facilities. The total outstanding debt had a net book value of $460.8 million $493.1 million ($369.9 395.8 million under the term loan and $90.9 million $97.3 million under the revolving credit facility). The total PIK interest of approximately $55.0 million $87.3 million has been deferred and compounded and added to the principal balance including an additional $43.1 million $16.1 million during the nine

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three months ended September 30, 2023 March 31, 2024. Since February 2024, the Company no longer has a PIK election. See Note 17, Subsequent Events for recent developments related to the HPS credit agreement.

Dividend Restrictions & Covenants

The Credit Agreement contains certain customary affirmative covenants and negative covenants, including a limitation on the Company's ability to pay dividends on its Class A Common Stock or make other restricted payments. The covenant prohibiting dividends and other restricted payments has certain limited exceptions, including customary overhead, legal, accounting and other professional fees and expenses; taxes; customary salary, bonus and other benefits.

We entered into certain agreements, including a forbearance agreement and an amendment to the HPS credit facility, in April 2024 collectively providing for a mutual forbearance from prosecution of bilateral claims of default and rights by both our principal lender and our company pending consummation of certain refinancing and further capitalization transactions that, if successful, will result in settlement of all obligations to, and claims by and against, our principal lender, in the coming months. We are pressing forward expeditiously and assertively with documentation of these transactions, and pressing to finalize all documents necessary to make these transactions and resolutions happen. However, we cannot assure you that the underlying disputes will ultimately be resolved in a manner that is satisfactory to us or which does not cause us material harm. See Note 17 under the section of Subsequent Events for additional information.

Prepayments & Collateral

The Senior Facilities require CSSE to prepay outstanding term loan borrowings, subject to certain exceptions, with:

- a certain percentage set forth in the Credit Agreement governing the Senior Facilities of CSSE's annual excess cash flow, as defined under the Senior Facilities;
- a certain percentage of the net cash proceeds of certain non-ordinary course asset sales, other dispositions of property or certain casualty events, in each case subject to certain exceptions and reinvestment rights; and
- the net cash proceeds of any issuance or incurrence of debt, other than proceeds from debt permitted under the Senior Facilities.

CSSE may voluntarily repay outstanding loans that are funded solely by internally generated cash from business operations under the Senior Facilities at any time, without prepayment premium or penalty, except customary "breakage" costs with respect to SOFR rate loans.

All obligations under the Senior Facilities are unconditionally guaranteed by each of CSSE's existing and future direct and indirect material, wholly-owned domestic subsidiaries, subject to certain exceptions. The obligations of the Company and its subsidiary guarantors under the HPS Credit Agreement are secured by a first priority lien in substantially all of the assets of the Company and its subsidiaries, subject to certain exceptions.

Letters of Credit

Under the HPS Credit Agreement, the Company has a letter of credit arrangement to provide for the issuance of standby letters of credit. The arrangement supports the collateral requirements for insurance claims and is good for one year to be renewed annually if necessary. The letter of credit is cash-collateralized at 105% in the amount of $2.9 million as of September 30, 2023 March 31, 2024. Additionally, there is a letter of credit arrangement of $0.3 million that serves as a security deposit for leased warehouse space and is pledged by an equal amount of cash pledged as collateral. The Company's letter of credit arrangements collateral is classified as restricted cash and reflects balances of $3.2 million $2.9 million as of September 30, 2023 March 31, 2024 and December 31, 2023.

9.50% Notes Due 2025

On July 17, 2020, the Company completed a public offering of 9.50% Notes due 2025 (the "Notes") in the aggregate principal amount of $21,000,000. On August 5, 2020, the Company sold an additional $1,100,000 of July Notes pursuant to the partial exercise of the overallotment option. The Notes bear interest at 9.50% per annum, payable every March 31, June 30, September 30, and December 31, and at maturity. The Notes mature on July 31, 2025.

The sale of the Notes resulted in net proceeds of approximately $20,995,000 after deducting underwriting discounts and commissions of approximately $1,105,000. The Company used $13,333,333 of the net proceeds to repay the outstanding principal under the Commercial Loan.

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On December 22, 2020, the Company completed a public offering of 9.50% Notes due 2025 (the "December Notes") in the aggregate principal amount of $9,387,750. On December 29, 2020, the Company sold an additional $1,408,150 of December Notes pursuant to the partial exercise of the overallotment option. The stated principal of $25.00 per note was discounted 2% to the public offering price of $24.50 per note.

On April 20, 2022, the Company completed a public offering of 9.50% Notes due 2025 (the "Notes") in the aggregate principal amount of $10,400,000. On May 5, 2022, the Company sold an additional $1,560,000 of Notes pursuant to the exercise of the overallotment option. The stated principal of $25.00 per note was discounted 2% to the public offering price of $24.85 per note. The sale of the Notes resulted in net proceeds of approximately $11,094,946 after deducting underwriting discounts and commissions of approximately $865,054.

The 9.50% Notes are not secured by any of our assets. As a result, the Notes are effectively subordinated to all of our existing and future secured indebtedness, such as any new loan facility or other indebtedness to which we grant a security interest, including our film acquisition advances and our MUFG Bank, LTD film financing facility. See Note 17, Subsequent Events for recent developments related to the 9.50 Notes.

Film Acquisition Advances: Great Point Media Limited

On August 27, 2020, the Company entered into a Film Acquisition Advance Agreement with Great Point Media Limited ("GPM"). GPM advanced to the Company $10.2 million of acquisition advances on August 28, 2020 (the "Acquisition Advance") and may, directly, or through affiliated entities, fund additional acquisition advances in the future. Pursuant to the agreement, GPM has formed a US-based special purpose vehicle (the "SPV"), which has been assigned the territorial licenses and distribution rights in certain films and productions owned or to be acquired by Screen Media Ventures Inc., CSSE's wholly owned subsidiary. The Company pays the SPV on a quarterly basis adjusted gross receipts generated on each of the assigned productions during the two-year term of the agreement, until the SPV has recouped the full Acquisition Advance for each of the productions together with interest and additional participation amounts on gross receipts generated by the productions. The Acquisition Advance bears interest at 10% per annum compounded monthly on the amount outstanding. In the event the SPV has not recouped the full Acquisition Advance from gross receipts generated within the two-year contractual term, the Company shall pay the remaining balance outstanding, if any, by no later than January 14, 2023. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the outstanding principal balance was $6.5 million and $6.1 million, respectively. $6.4 million. Subsequently, the facility was amended such that the remaining balance is payable the later of when defined contractual receipts are collected or when loan is fully repaid by the Company. All other terms shall remain unaffected. As of March 31, 2024, the loan is past due and accruing interest at a default rate of 15%.

Film Acquisition Advances: Media Entertainment Partners

In January 2022, the Company began entering into individual film acquisition advance agreements with Media Entertainment Partners ("MEP"). Under the agreements, MEP financed the Company $33.1 million of acquisition advances and may, directly, or through affiliated entities, fund additional acquisition advances in the future. Pursuant to an arrangement, MEP has formed a US-based special purpose vehicle (the "SPV"), which has been assigned the territorial licenses and distribution rights in certain films and productions owned or to be acquired by Screen Media Ventures Inc., CSSE's wholly owned subsidiary. Generally, the Company will pay the SPV on a quarterly basis over 30 months the advance plus interest at 12% per annum compounded monthly on the amount outstanding. Under the distribution agreement with the SPV, after Screen Media Venture's recoupment, the SPV is entitled to receive a profit participation in the net receipts of the film and, provides Screen Media Venture a bargain purchase option to reacquire the film rights after 6 years. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the outstanding balance was $24.5 million $20.9 million and $21.7 million $22.7 million, respectively.

MUFG Bank, LTD Film Financing Facility

On December 29, 2020, Redbox Entertainment, LLC entered into a four-year, $20 million film financing facility with MUFG Bank, LTD (formerly known as Union Bank) (the "Union Film Financing Facility"). The facility is used exclusively to pay for minimum guarantees, license fees and related distribution expenses for original content obtained under the Company's Redbox Entertainment label. On April 15, 2022, Redbox agreed, pursuant to the Voting and Support Agreement, to (i) permanently reduce a portion of the Union Revolving Credit Facility in an amount equal to $10.6 million (and the Company made such reduction) and (ii) among other agreements, refrain from borrowing under the Union Film

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Financing Facility without the consent of Aspen and Redwood Holdco, LP (other than with respect to certain scheduled borrowings and borrowings to cover interest, fees and expenses). There is no additional availability under the Union Film

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Financing Facility as of December 31, 2022. Borrowings outstanding under the Union Film Financing Facility as of the merger on August 11, 2022 March 31, 2024 and at December 31, 2022 December 31, 2023 was $6.6 million $5.8 million and as of September 30, 2023 $6.2 million. $5.9 million respectively.

Borrowings under the Union Film Financing Facility bear interest at either the alternate base rate or SOFR (based on an interest period selected by the Company of one month, three months or nine months) in each case plus a margin. The alternate base rate loans bear interest at a per annum rate equal to the greatest of (i) the base rate in effect on such date, (ii) the federal funds effective rate in effect on such day plus 0.50%, and (iii) daily one month SOFR plus 1.10%. The film financing facility borrowings that are SOFR loans bear interest at a per annum rate equal to the applicable SOFR plus an applicable margin. The borrowing interest rate for the Union Film Financing Facility was 8.09% 8.19% as of September 30, 2023 March 31, 2024. In addition to paying interest on outstanding principal under the Union Film Financing Facility, the Company is required to pay a commitment fee at 0.50% per annum to the lenders in respect of the unutilized commitments thereunder.

As of September 30, 2023 March 31, 2024, the expected aggregate maturities of debt for each of the next five years are as follows:

Remainder of 2023	$ 9,640,530	
2024	28,235,901	
Remainder of 2024		$ 31,773,092

2025	140,162,063	147,261,869
2026	754,341	1,458,257
2027	369,961,489	396,328,471
2028		—
Beyond	—	—
Total	$ 548,754,324	$576,821,689

Note 12 – Put Option Obligation

As part of the additional purchase price for the Sonar Entertainment, Inc business acquisition, the Company issued a 5% interest in CSS AVOD, Inc. and a Put Option that, if exercised, requires the Company to repurchase these shares of CSS AVOD, Inc. from the investor for $11,500,000 in cash. The Put Option was exercisable, with 60 day's written notice, by the investor at any time during a three-year period commencing on October 8, 2022 and expiring on November 7, 2025 October 7, 2025 ("Put Election Period"). In February 2023, MidCap Financial Trust exercised their Put Option resulting in the Put Price of $11,500,000 payable by May 2023, in exchange for Midcap's Financial Trust's 5% interest in CSS AVOD. As of September 30, 2023 March 31, 2024, the Company has paid $7,300,000 outstanding amount under the amended payment agreement and the outstanding amount is past due. Upon payment, the Company will own 100% of CSS AVOD. See Note 1 for additional information.

As of September 30, 2023 March 31, 2024, the 5% interest in CSS AVOD, Inc. consists of the following,

	September 30, 2023	March 31, 2024
Put Option Obligation	$ 4,100,000	$3,693,337
Noncontrolling Interests	94,247	100,000
Total	$ 4,194,247	$3,793,337

Note 13 – Income Taxes

For the nine three months ended September 30, 2023, March 31, 2024 and 2023, the Company's effective income tax rate was 1.0% 0.1% and (2.3%), respectively, which differed from the federal statutory rate of 21.0% primarily due to the Company's valuation allowance and state income taxes. For the nine months ended September, 2022, the Company's effective income tax rate was 35.9% which differed from the federal statutory rate of 21.0% primarily due to the release of a portion of the Company's valuation allowance as a result of the acquired deferred tax liability of Redbox. In connection with the Redbox acquisition, the Company recorded a deferred

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tax liability of $40.2 million, which enabled the Company to release a portion of the beginning of year's valuation allowance of $27.4 million.

The Company evaluates its net deferred tax assets on a quarterly basis to determine if they can be realized and establishes a valuation allowance when it is more likely than not that all or a portion of the net deferred tax asset may not be realized. At September 30, 2023 March 31, 2024, the Company determined that maintains its determination to record a portion of its deferred tax assets are not more likely than not to be realized. The Company maintains a full valuation allowance against its net deferred tax assets. This reflects the net operating loss carryovers of A Sharp and Pivot Share, since it was determined that it is more likely than not, ongoing determination, based on available objective evidence, that these separate filing jurisdictions would have it is

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more likely than not that certain deferred tax assets will not be realized due to insufficient taxable income in the current or carryforward periods under the existing tax laws to realize the future tax benefits for this portion of its deferred tax assets. laws.

On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 ("IRA") into law. The IRA contains several revisions to the Internal Revenue Code, including a 15% corporate minimum income tax and a 1% excise tax on corporate stock repurchases in tax years beginning after December 31, 2022 with certain exclusions for (a) repurchased shares for withholding taxes on vested restricted stock units ("RSUs") and (b) treasury shares reissued in the same tax year for settlement of stock option exercises or vesting of RSUs. While these tax law changes have no immediate effect and are not expected to have a material adverse effect on our results of operations going forward, we will continue to evaluate its impact as further information becomes available.

Note 14 – Related Party Transactions

Chicken Soup For The Soul Productions, LLC

Chicken Soup For The Soul Productions LLC ("CSS") is the parent and controlling stockholder of the Company. At September 30, 2023 March 31, 2024, CSS directly owns 100% of the Company's Class B common stock and 3,496,552 3,739,703 shares of the Company's Class A common stock. On a combined basis CSS has an ownership interest of 35.2% 35.1% of the total outstanding common stock and 90.6% 79.2% control of the voting power of the Company. CSS is controlled by Mr. William J. Rouhana, Jr., the Company's CEO. The Company has agreements with CSS and its affiliated companies that provide the Company with access to important assets and resources including key personnel and office space. The assets and resources provided are included as a part of a management services agreement and a license agreement, where combined, the Company pays 10% of its net revenue earned to CSS. Beginning in August 2022 until certain conditions are met, under the terms of the HPS Credit Facility, the 10% fee as it relates to Redbox's net revenues is applied to certain limited revenue categories.

In March of 2023, the Company entered into a modification of the CSS Management Agreement and CSS License Agreement pursuant to which (a) $3.45 million of the aggregate fees under the CSS Management Agreement and CSS License Agreement that have been earned by CSS in the first quarter of 2023 and (b) 25% (or $12.75 million) of the next $51 million of such fees that will be earned by CSS after April 1, 2023 shall be paid through the issuance by our Company of shares of our Class A common stock. The Company has issued an aggregate of 1,853,537 2,096,688 shares of Class A common stock to CSS under the modification as of September 30, 2023 March 31, 2024, of which 70,761 shares (or $0.2 million) was for the three months ended March 31, 2024. The shares that shall become issuable in the future under clause (b) shall be issued each fiscal quarter as such fees are earned at a fixed price of $3.05 per share. As of September 30, 2023 March 31, 2024, $5.7 million of accrued and payable management and license fees have been satisfied through the issuance to CSS shares of Class A common stock, and an aggregate of $7.1 million $9.8 million of future management and license fees will be offset by the issuance of Class A common stock to CSS in the periods after September 30, 2023 March 31, 2024.

For the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recorded management and license fees of $3.9 million $1.2 million and $16.7 million, respectively, and $4.8 million and $11.5 million $7.8 million, respectively.

Due To/From Affiliated Companies

The Company is part of CSS's central cash management system whereby payroll and benefits are administered by CSS and the related expenses are charged to its subsidiaries and funds are transferred between affiliates to fulfill joint liquidity

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Chicken Soup for the Soul Entertainment, Inc.
Notes to Condensed Consolidated Financial Statements
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needs and business initiatives. Settlements fluctuate period over period due to timing of liquidity needs. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the intercompany payable, with affiliated companies is as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Due to affiliated companies	$ 3,222,990	$ 3,778,936	$5,132,562	$5,537,842
Total due to/due from affiliated companies	$ 3,222,990	$ 3,778,936	$5,132,562	$5,537,842

Other Related Parties

In the ordinary course of business, the Company is involved in transactions with certain minority shareholders of a consolidated subsidiary related to licensing of television and film programming properties. For the three and nine months ended September 30, 2023 March 31, 2024 and 2022 the amount of 2023, no revenue recognized was $0 recognized. At March 31, 2024 and $0, respectively. At September 30, 2023 and December 31, 2022 December 31, 2023, the Company had accounts receivable from these parties of $3.5 million and $4.8 million, respectively. .

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Note 15 – Commitments and Contingencies

Content Obligations

Content obligations include amounts related to the acquisition, licensing, and production of content. An obligation for the acquisition and licensing of content is incurred at the time we enter into an agreement to obtain future titles. Once a title is delivered, accepted and becomes available for exploitation, a content liability is recorded on the condensed consolidated balance sheet.

As of September 30, 2023 March 31, 2024, the Company had $154.1 million $162.5 million of content obligations, comprised of $38.0 million $47.7 million in film library acquisition obligations, $66.3 million $67.5 million of programming obligations and $49.8 million $47.3 million of accrued participation costs.

As of December 31, 2022 December 31, 2023, the Company had $124.3 million $161.9 million of content obligations, comprised of $39.8 million $46.0 million in film library acquisition obligations, $55.8 million $67.6 million of programming obligations and $28.7 million $48.3 million of accrued participation costs.

In the ordinary course of business, the Company from time to time enters into contractual arrangements under which it agrees to commitments with producers and other content providers for the acquisition of content and distribution rights which are in production or have not yet been completed, delivered to, and accepted by the Company ready for exploitation. Based on those contractual arrangements, generally, the Company is committed but is not contractually liable to transfer any financial consideration until final delivery and acceptance has occurred. These commitments are expected to be fulfilled in the normal course of business. Additionally, the Company licenses minimum quantities of theatrical and direct-to-video titles under licensing agreements with certain movie content providers. The total estimated content commitments under the terms of the Company's distribution and license agreements in effect as of September 30, 2023 March 31, 2024 is presented in the following table:

	Total	2023	2024	2025 and thereafter	Total	2024	2025 and thereafter
Minimum estimated content commitments	$ 47,017,970	$ 39,340,820	$ 7,677,150	$ —	$25,865,517	$25,865,517	$ —

Acquisition of Sonar Assets

The Company owes contingent consideration related to the acquisition of Sonar of $6.7 million $5.1 million at September 30, 2023 March 31, 2024. The liability is an estimate and is payable upon the collection of receipts from defined receivables, noncontracted TV business receipts and profit participations on a slate of development projects. See Note 12 for additional information.

Legal and Other Matters

The Company is currently subject to numerous litigations and other potential litigations and claims due to unpaid vendor and governmental payments because of the capital shortfalls. We are a defendant in numerous commercial actions claiming breach of contract and other causes, including breach of contract relating to the content relationships, company leases, and advertising relationships.

BBC v. Screen Media and CSSE, New YorkCourt- In this action, Plaintiff filed an arbitration for unpaid dues and claimed approximately $9 million including accruing interest and attorney fees. This matter is currently on-going and balance due and accrued under this agreement as of March 31, 2024, was approximately $7.4 million. CSSE has filed a counter claim against BBC that substantially offsets the alleged claim for breach of contract.

SPHE Scan Based Trading v. CSSE, *Redbox and Crackle Plus, California Court* - In this action, Plaintiff filed an arbitration for unpaid dues and claimed up to $30 million including accruing interest and attorney fees. This matter is currently on-going and balance due and accrued under this agreement as of March 31, 2024, was approximately $23.8 million, the low end of the range of our estimate of loss.

Universal City Studios v. Redbox,Superior Court of Los Angeles County, California - In this action, Plaintiff filed suit for unpaid dues and claimed up to $16.8 million including accruing interest and attorney fees. This matter is currently on-going, and the claim is adequately accrued under this agreement as of March 31, 2024.

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Chicken Soup We entered into certain agreements, including a forbearance agreement and an amendment to the HPS credit facility, in April 2024 collectively providing for a mutual forbearance from the Soul Entertainment, Inc.prosecution of bilateral claims of default and rights by both our principal lender and our company pending consummation of certain refinancing and further capitalization transactions that, if successful, will result in settlement of all obligations to, and claims by and against, our principal lender, in the coming months. See Note 17 Subsequent Events for additional information.

Notes While we believe that, if we are able to Condensed Consolidated Financial Statementsconsummate the series of strategic financing transactions that we believe are available to us in the near term (as more generally described in Note 1 under the section entitled "*Substantial Doubt Exists Regarding Our Ability To Continue As A Going Concern*" and Note 17 "*Amendment to HPS Credit Facility* "), we will be able to settle material litigations, defend those for which we have a defense, complete tax payments and promptly reinstitute key relationships, including with our key content producers and suppliers, we ultimately may not be able to consummate all such financing transactions or settle or defend all such cases in a manner that avoids continued operational and economic consequences that harm our business and financial performance. If we are unable to consummate these strategic financing transactions in the near term, we likely will be required to seek relief and protections under United States federal bankruptcy laws.

(unaudited)

Legal and Other Matters

The than the items discussed above, we believe that the other matters that the Company is currently subject to numerous litigation matters relating are not significant, and, in the opinion of our management, are not likely to among other items, various content vendor contracts. The have a material adverse effect on the Company also is in default under various office and equipment leases and other agreements. While management believes that no single action adjudicated or default settled in and of itself would be materially a manner adverse to the Company or its business, financial condition, operating results, or cash flows, in the aggregate these actions and defaults could have such material adverse effect. Company. Legal proceedings (both existing proceedings and any additional proceedings arising from such defaults) are subject to inherent uncertainties, and an unfavorable outcome could include monetary damages, loss of office access, loss of equipment use, and other adverse consequences, and excessive verdicts can result from litigation, and as such, could result in further material adverse impacts on our business, financial position, results of operations, and /or cash flows. Additionally, although the Company has specific insurance for certain potential risks, the Company may in the future incur judgments or enter into settlements of claims which may have a material adverse impact on its business, financial condition, or results of operations in the future.

Note 16 – Stockholders' Equity

Amendment to Authorized Shares

On June 30, 2022, the shareholders of the Company approved an increase in the The total authorized shares from 100,000,000 to of 200,000,000, are comprised of 140,000,000 million shares of Class A common stock, 20,000,000 share of Class B common stock and 40,000,000 shares of preferred stock, of which, 10,000,000 are classified as Series A preferred stock.

Treasury Stock

On February 28, 2022, the Board of Directors increased the The total authorization under the Company's stock repurchase program by $10,000,000 to is $30,000,000. At September 30, 2023 March 30, 2024, the Company had $3,474,299 of authorization remaining under the stock repurchase program. During the three months ended March 31, 2024 and 2023, the Company did not repurchase any shares of Class A Common Stock.

Series A Preferred Stock, Dividends in Arrears

Monthly dividends of $0.2031 per share were declared on the Series A Preferred Stock to the holders of record for each of the three months ended March 31, 2024, and 2023, totaling $4.2 million and $3.0 million, respectively. The Board of Directors has temporarily suspended future cash payments of these monthly dividends and as of the date of this filing, $7.0 million was accrued in arrears.

At the Market Offerings and Private Placements

During the nine three months ended September 30, 2023 March 31, 2024, the Company did not sell any preferred stock. During the three months ended March 31, 2023, the Company completed the sale of an aggregate of 1,179,704 617,182 shares of Series A preferred stock, generating net proceeds of $18,563,758. During the nine months ended September 30, 2022, the Company completed the sale $ $10,657,282.

During the nine months ended September 30, 2023, the Company completed the sale of an aggregate of 3,375,897 shares of Class A common stock, generating net proceeds of $5,820,404. During the nine months ended September 30, 2022, the Company completed the sale of an aggregate of 332,734 shares of Class A common stock, generating net proceeds of $3,339,883.

Public Offering

On April 3, 2023, the Company issued 4,688,015 shares of its Class A common stock at a price of $2.30 per share, resulting in net proceeds of $10.4 million. The Company used the proceeds of this offering for general corporate purposes and

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Chicken Soup for the Soul Entertainment, Inc.

Notes to Condensed Consolidated Financial Statements

(unaudited)

working capital, including payment of an aggregate of approximately $3.8 million due to CSS under the CSS Management Agreement and CSS License Agreement for 2022.

Shares Issued In Lieu of Payment

During the nine three months ended September 30, 2023, March 31, 2024 and 2023, the Company issued to its parent (CSS), an aggregate of 1,853,537 70,761 shares of Class A common stock to its parent (CSS) in lieu of $5,653,100 $215,815 cash, and 1,131,148 shares in lieu of $3,450,500 cash, respectively, for fees due under the CSS Management Agreement and the CSS License Agreement. See Note 14, for more information.

During the nine months ended September 30, 2023 the Company issued 35,714 shares valued at $42,500 in lieu of cash payments to two of the Company's Directors.

Common Stock Purchase Agreement

On March 12, 2023, the Company, entered into a purchase agreement (the "Purchase Agreement") with Lincoln Park Capital Fund, LLC ("Lincoln Park" or "Investor"), which provides that, upon the terms and subject to the conditions and limitations set forth therein, the Company may sell to Lincoln Park up to $50,000,000 of shares (the "Purchase Shares") of the Company's Class A common stock (the "Class A common stock") over the thirty-six (36) month term of the Purchase Agreement. Concurrently with entering into the Purchase Agreement, the Company also entered into a registration rights agreement with Lincoln Park, pursuant to which it agreed to provide Lincoln Park with certain registration rights related to the shares issued under the Purchase Agreement (the "Registration Rights Agreement").

As of September 30, 2023 March 31, 2024, the Company did not sell shares of Class A common stock to Lincoln Park. As of December 31, 2023 the Company sold 500,000 shares of Class A common stock to Lincoln Park for net proceeds of $1,470,000.

Warrants

Warrant activity for the nine three months ended September 30, 2023 March 31, 2024 is as follows:

Warrants	Outstanding at December 31, 2022	Issued	Exercised	Expired	Outstanding at September 30, 2023	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (Yrs.)	Outstanding at December 31, 2023	Issued	Exercised	Outstanding at March 31, 2024	W A E
Class W	526,362	—	—	(526,362)	—	$ —	—					
Class Z	123,109	—	—	—	123,109	12.00	0.75	123,109	—	—	123,109	
CSSE Class I	800,000	—	—	—	800,000	8.13	0.62	800,000	—	—	800,000	
CSSE Class II	1,200,000	—	—	—	1,200,000	9.67	0.62	1,200,000	—	—	1,200,000	
CSSE Class III-A	380,000	—	—	—	380,000	11.61	0.62	380,000	—	—	380,000	
CSSE Class III-B	1,620,000	—	—	—	1,620,000	11.61	0.62	1,620,000	—	—	1,620,000	
Redbox Public (CSSEL) (1)	1,039,183	—	—	—	1,039,183	132.18	3.07	1,039,183	—	—	1,039,183	1
Redbox Private (1)	339,065	—	—	—	339,065	132.18	3.07	339,065	—	—	339,065	1
Total	6,027,719	—	—	(526,362)	5,501,357	$ 32.75	1.24	5,501,357	—	—	5,501,357	$

(1) The number of warrants is shown on an as converted basis based on exchange ratio of 0.087, the gross warrants are 11,944,627 public and 3,897,303 private.

Warrants Classified as Liabilities

In connection with the merger of Redbox, the Company assumed all of Redbox's 15,841,930 outstanding Public and Private Placement Warrants.

The Redbox warrants prior to assumption had entitled the holder to purchase one whole share of Redbox Class A common stock at a price of $11.50 per share, subject to adjustment. As a result of the mergers and adjustment caused thereby, 11.494 warrants (the "Per Share Warrant Requirement") are required to purchase one whole share of Company Class A

common stock at an aggregate exercise price of $132.18 per share, subject to adjustment. This was calculated by dividing the pre-merger $11.50 per-share exercise price of the Redbox warrants by the 0.087 Exchange Ratio. No fractional shares will be issued upon exercise of the warrants, with shares of Company Class A common stock issued upon exercise of such

warrants rounded up to nearest whole share based on the total shares of Company Class A common stock being exercised and, subject to the Per Share Warrant Requirement.

The public warrants expire five years after issuance (October 24, 2026) or earlier upon redemption or liquidation.

The Company may redeem the public warrants under the following conditions:

- In whole and not in part;
- At a price of $0.01 per warrant;
- Upon not less than 30 days' prior written notice of redemption (the "30-day redemption period") to each warrant holder; and
- if, and only if, the last reported sale price of the Company's Class A common stock equals or exceeds $206.90 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company gives proper notice of such redemption and provided certain other conditions are met.

The redemption criteria discussed above prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and the Company issues a notice of redemption of the warrants, each warrant holder will be entitled to exercise its warrant prior to the scheduled redemption date. However, the price of the Company's Class A common stock may fall below the $206.90 redemption trigger price (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) as well as the $132.18 warrant exercise price after the redemption notice is issued.

The Private Placement Warrants are identical to the Public Warrants, except that the Private Placement Warrants are exercisable on a cashless basis and are non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

As both the terms of the Private and Public warrants are substantively the same, the Company has determined to use the fair market value of the Public warrants to value all of the warrants. At the time of initial recording the warrants, they were valued at $2.52 per warrant or approximately $3.5 million. As of September 30, 2023 March 31, 2024 and December 31, 2023, the fair market value of the warrants was $0.01 or $14 thousand. For the three $8,454 and nine months ended September 30, 2023, the change in value was $10 thousand and $10.3 thousand, $0.01 or $9,923, respectively. For the three and nine months ended September 30, 2023 March 31, 2024, the change in value was $3.4 million.

Note 17 – Segment Reporting and Geographic Information

The Company's reportable segments have been determined based Company recognized a gain of $1,378 on the distinct nature change of its operations, in fair value of the warrant liabilities in Other income (expense), net in the Company's internal management structure, and the financial information that is evaluated regularly by the Company's chief operating decision maker. The Company operates in one reportable segment and currently operates in the United States and internationally.

Net revenue generated in the United States accounted for approximately 99% and 98% Consolidated Statements of total net revenue for three months ended September 30, 2023 and 2022, respectively, and 80% and 91% of total net revenue for nine months ended September 30, 2023 and 2022, respectively. All of the Company's long-lived assets are based in the United States. Operations.

Note 17 – Subsequent Events

Amendment to HPS Credit Facility

On April 29, 2024, Chicken Soup for the Soul Entertainment, Inc. (the "Company") entered into an agreement that allows it to raise $175 million of additional working capital prior to June 6, 2024 from two financing parties and to make a $75 million loan prepayment under our HPS credit facility.

Redbox Automated Retail, LLC ("Redbox Borrower", and together with the Company, the "Borrowers"), the other guarantors listed on the signature pages thereto (the "Guarantors", and together with the Borrowers, the "Loan Parties") entered into an Agreement (the "Agreement") with the Lenders to the Credit Agreement (as defined below) listed on the signature pages thereto and HPS Investment Partners, LLC, in its capacity as administrative agent and collateral agent (in such capacities, the "Agent") under the amended and restated credit agreement, dated as of August 11, 2022, among the Borrowers, the Lenders and the Agent, as amended, restated, supplemented or otherwise modified by that certain first amendment, dated as of April 29, 2024 (the "Amendment", and as the same may be further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

Pursuant to the terms of the Agreement, the Company intends to consummate certain strategic transactions for which it has signed term sheets that have been reviewed with the Lenders, including the sublicensing of material video content

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assets and one or more sales leaseback transactions with targeted aggregate gross proceeds of at least $175 million. If the Company is able to successfully consummate these transactions in their entirety, it is obligated to utilize $75 million of the net proceeds thereof prior to June 6, 2024, to pay down amounts owed under the Credit Agreement (the "Initial Paydown"). Until at least June 6, 2024 (the period beginning on April 29, 2024, and ending on such date, as it may be extended, the "Initial Period") the Agent will forbear from acting on any events of default existing as of the commencement of the Initial Period as well as certain prescribed defaults that may arise during the Initial Period (as same may be extended as described below).

If the Company timely makes the Initial Paydown, and complies with the Agreement and the Credit Agreement, the Initial Period will be extended until September 30, 2024 (the "Extended Period"). During the Extended Period, the Company intends to engage in additional strategic transactions. If, during the Extended Period, the Company makes an additional paydown of the principal amount under the Credit Agreement in an amount pre-agreed with the Agent, the remainder of the principal and interest under the Credit Agreement, constituting a material reduction of the principal and interest outstanding, will be fully terminated and all claims by the Agent against the Company waived and released. In connection with the Agreement, the Company has released the Agent and the Lenders from all claims it may have had against them under the Credit Agreement, subject to certain limited exceptions described in the Agreement.

Additionally, the Company has agreed to implement certain amendments to its organizational documents. Under these amendments, so long as the Credit Agreement remains in effect, the Company's board of directors shall include two (2) additional directors who are not employees or equity holders of the Company, or any affiliates or family members thereof (the "Additional Independent Directors"), that are nominated by the board of directors of the Company and approved by Lenders having loans outstanding under the Credit Agreement that represent more than 50% of the all loans outstanding thereunder at such time. In connection with these provisions, the Company's board has voted to increase the size of the board from 9 to 11 members and appointed the two Additional Independent Directors, effective as of May 3, 2024. The Company also is amending its certificate of incorporation and bylaws (as well as the organizational documents of its subsidiaries) to embody the foregoing requirements, as well as certain other governance provisions that are not expected to impact the control structure or operations of the Company in any way during the Initial Period or the Extended Period. The Company has also identified a Chief Restructuring Officer, who shall have no duties or role in connection with the Company for so long as the Initial Period and the Extended Period continue. Such Chief Restructuring Officer will not assume a role with the Company if the Company satisfies the obligations under the Credit Agreement.

The holder of the majority of the outstanding voting power of the Company's Class A common stock and Class B common stock, voting as a single class, and the holder of the majority of the outstanding voting power of the Company's Class B common stock, voting as a separate class, has approved these amendments by written consent. The Company will file and mail an Information Statement on Schedule 14C to its stockholders and the amendment to the Certificate of Incorporation of the Company will be effected in accordance with the requirements of Regulation 14c-2 under the Securities Exchange Act of 1934, as amended. The amendments to the Company's bylaws became effective on April 29, 2024. The Company also agreed to certain reporting modifications that will remain in effect until the Credit Agreement is terminated. See our Current Report on Form 8-K filed on May 3, 2024, for additional information.

9.5% Notes due July 2025 Are in Default

On April 4, 2024, the Company notified U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as Trustee (the "Trustee"), with respect to the Company's 9.50% Notes due 2025 (the "Notes"), of the Company's intent to make a special payment on April 30, 2024 (the "Special Distribution Date") in the amount of $1,074,042.20, representing all accrued and unpaid interest that was due and not paid to the Note holders on the original interest payment due date of April 1, 2024 (an aggregate of $1,065,327.23), plus interest on such interest (an aggregate of $8,714.97) at the same rate prescribed by the Notes (the "Special Payment"). The record date for the Special Payment is April 16, 2024 (the "Special Record Date"). Subject to receipt of such funds from the Company, the Trustee will distribute an aggregate of $1,074,042.20 pro rata to holders as of the Special Record Date.

On April 30, 2024, the Company failed to make its March 30, 2024 quarterly interest payment of $1.1 million on its 9.5% Notes due July 2025 within the 30 day cure period, which constitutes an Event of Default under the bond indenture. Under the indenture, if an Event of Default has occurred and is continuing, the trustee or the holders of not less than 25% in principal amount of the Notes may declare the entire principal amount of all the Notes to be due and immediately payable.

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This is called a declaration of acceleration of maturity. In certain circumstances, a declaration of acceleration of maturity may be canceled by the holders of a majority in principal amount of the Notes if (1) we have deposited with the trustee all amounts due and owing with respect to the Notes (other than principal that has become due solely by reason of such acceleration) and certain other amounts, and (2) any other Events of Default have been cured or waived.

As of the date of this filing, the Company has not received a notice from the trustee of an acceleration event. The Company is working with the trustee and intends to make the first quarter interest payment by the end of the second week of June, including any default interest, and intends to make the second quarter interest timely. At April 30, 2024, there is $44.9 million of gross debt subject to potential acceleration. Additionally, under the HPS amended Credit Facility described elsewhere, the Company has secured a waiver of cross default.

Nasdaq Delisting Notice

On March 25, 2024, the Company received a staff determination from The Nasdaq Stock Market ("Nasdaq") to delist the Company's securities from the Nasdaq Capital Market (the "Staff Determination"). As disclosed previously, the Company received three separate notices from Nasdaq advising the Company that it is not in compliance with certain Nasdaq listing requirements. The notices include the failure of our Class A common stock to trade at or above the Nasdaq required minimum $1 threshold for 30 consecutive days, maintain a public float above $5M on its Class A common stock (CSSE) and maintain equity of $10 million. The Company appealed the Staff Determination on April 1, 2024 and has a hearing on May 21, 2024. The hearing request will stay the delisting of the Company's securities pending the appeal and the Company's securities will continue to be listed on the Nasdaq Capital Market until a decision is made. In the meantime, the Company is considering various strategic options to remedy its noncompliance with Nasdaq Listing Rules described above. If the Company is not be able to cure and meet the listing requirements with Nasdaq its Class A common stock (CSSE), 9.75% Series A Cumulative Redeemable Preferred Perpetual Stock (CSSEP), Common Stock Purchase Warrant (CSSEL) and 9.50% Notes due 2025 (CSSEN) may cease to be publicly traded on the Nasdaq Global Market. In such event, the Company intends to list such securities on another Nasdaq market, although there can be no assurance the Company will meet the criteria of any other market or will be able to secure listing thereon.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the Securities and Exchange Commission ("SEC") on March 31, 2023 April 19, 2024 ("Form 10-K"), as amended. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, includes forward-looking statements involving risks and uncertainties and should be read together with the "Risk Factors" section of our report on Form 10-K and Item 1A of this Form 10-Q, for a discussion of important factors which could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Forward-Looking Statements

This Quarterly Report contains forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding expectations, intentions, and strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "target," "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predicts," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. The forward-looking statements contained in this Quarterly Report are based on current expectations and beliefs concerning future developments and their potential effects on our company and its subsidiaries. There can be no assurance that future developments will be those that have been anticipated. These forward-looking statements involve many risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. We undertake no

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obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Important factors that may affect our actual results include:

- continued integration Substantial doubt exists regarding our ability to continue as a going concern and we are in default on various debt and leases agreements. If we are unable to satisfy specific conditions under our forbearance agreement with our principal lender that, if fulfilled will result in termination of our merger with Redbox Entertainment Inc. following our August 2022 acquisition; indebtedness thereto at a substantial discount, or if we are unable to secure material additional financing from new sources, we may be required to seek relief and protections under United States federal bankruptcy laws.
- We may and continue to incur losses in the operation of our ability to negotiate modified terms with landlords and vendors to improve cash flow; business.

- Although we have entered into a forbearance agreement with our principal lender, if we fail to fulfill all the loss of conditions required thereunder, the current forbearance period would end, and decrease in content such lender would pursue its available for use in our kiosks, VOD platforms remedies and film distribution; the loss of critical service providers and kiosk retail partners, all resulting from compromised vendor relationships; claims against us.

- continued slowdowns in movie studio releases caused by union strikes, COVID, We are currently subject to numerous litigations and other extraordinary factors; potential litigations and claims due to unpaid vendor and content supplier payments because of our capital shortfalls. Terminations of content supplier and vendor contracts will need to be reinstated or alternative sources secured. Interruptions in our ability to provide our video-on-demand products and our service to our customers could damage our reputation, which could have a material adverse effect on us.

- the continued incurrence of losses in the operation of our business;

- we may not be able to generate sufficient cash to service our debt, preferred stock dividends and other obligations or our ability to pay our preferred stock dividends could be adversely affected or prohibited upon default under our current or future indebtedness;

- any unavailability or inability to secure necessary financing in the near term to satisfy material capital needs of the Company, including assets backed borrowings, accounts receivable factoring financings, other financings, asset sales or other strategic alternatives, to service payables and other operating costs in the ordinary course of business, including content agreements, as maybe needed in the near term;

- any inability to utilize our publicly traded securities to raise capital as a result of materially decreased market prices;

- impairments or other write-downs of our asset values, including with respect to our intellectual property, which could impair our ability to borrow against assets or otherwise monetize our assets;

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- difficult Difficult conditions in the economy generally and our industry specifically resulting from writers' union and other union strikes and the COVID 19 pandemic may cause interruptions in our operations, a slow-down in the production acquisition or availability acquisition of new content, for our distribution and kiosk rental network, and changes in demand for our products and services, which may have a material adverse effect on our business operations and financial condition; condition.

- potential effects of Competition could have a challenging economy, for example, on the demand for our advertising and marketing services, material adverse effect on our clients' business, financial condition and on our business or financial condition; results of operations.

- We have received a delisting notice from Nasdaq for our securities and although we have appealed, such appeal may not prove successful, which would limit the liquidity for our securities.

- Our failure to pay recent dividends on our Series A preferred stock, which dividends continuing to accrue.

- Our failure to pay interest on our publicly traded bonds, which could result in the acceleration of all obligations thereunder

- The occurrence of cyber-incidents, or a deficiency in our cybersecurity or in those of any of our third-party service providers, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information or damage to our business relationships or reputation, all of which could negatively impact our business and results of operations; operations.

- the ability The continued loss of key personnel, including our content offerings to achieve market acceptance; executive officers, could have a material adverse effect on us.

- our success in retaining or recruiting, or changes required in retaining, our officers, Our inability to maintain access to key employees or directors; third-party service providers could have a material adverse effect on us.

- The market price and trading volume of our potential ability to obtain additional financing when and if needed; securities may be volatile.

- We are required to make continuing payments to our ability to protect affiliates, which may reduce our intellectual property; cash flow and profits. Additionally, conflicts of interest may arise between us and our affiliated companies and we have waived rights for monetary damages in the event of such conflicts.

- We may not be able to secure necessary financing in the near term to satisfy material capital needs of our ability company, including assets backed borrowings, accounts receivable factoring financings, other financings, asset

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sales or other strategic alternatives, to complete strategic acquisitions, service payables and other operating costs in the ordinary course of business, including joint ventures and co-production arrangements; content agreements, as maybe needed in the near term.

- Impairments or other write-downs of our asset values, including with respect to our intellectual property, which could impair our ability to manage growth and integrate acquired operations; borrow against assets or otherwise monetize our assets.

- uninterrupted service by the third-party service providers we rely on for the distribution of our content and delivery of ad impressions;
- the potential liquidity and trading of our securities;
- regulatory or operational risks;
- downward Downward revisions to, or withdrawals of, our credit ratings by third-party rating agencies; and
- our Our estimates regarding expenses, future revenue, capital requirements and needs for additional financing.

Overview

Chicken Soup for the Soul Entertainment provides premium content to value-conscious consumers. The Company is one of the largest advertising-supported video-on-demand (AVOD) companies in the US, with three flagship AVOD streaming services: Redbox, Crackle and Chicken Soup for the Soul. In addition, the company operates Redbox Free Live TV, a free ad-supported streaming television (FAST) service with approximately 180 130 channels as well as a transactional video-on-demand (TVOD) service, and a network of approximately 28,000 27,000 kiosks across the U.S. for DVD rentals. To provide original and exclusive content to its viewers, the company creates, acquires, and distributes films and TV series through its Screen Media and Chicken Soup for the Soul TV Group subsidiaries. The company's best-in-class ad sales organization (formerly known as Crackle Plus) is now known to advertisers as Crackle Connex, a sales platform of unique scale and differentiated reach. Crackle Connex combines the ad inventory of our owned-and-operated networks and inventory with other premium AVOD partners who have chosen us to represent them in the marketplace. Across Redbox, Crackle, Chicken Soup for the Soul and Screen Media, the Company has access to many thousands of content assets. Chicken Soup for the Soul Entertainment is a subsidiary of Chicken Soup for the Soul, LLC, which publishes the famous books series and produces super-premium pet food under the Chicken Soup for the Soul brand name.

Our AVOD services boast approximately 60 million 40 million monthly active users and are distributed through every major distribution platform including Roku, Amazon Fire TV, Samsung, Vizio, Xbox, PlayStation and many more. Our

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consumers view content produced through our various television production affiliates, acquired by Screen Media, or licensed from film studios and other production and distribution companies, as well as through our media partners. Crackle is among the most watched ad-supported independent VOD streaming services and has multiple branded FAST networks, all of which offer consumers free TV series and movies. Crackle is known for premium original and acquired content that delivers audiences of scale across a demographic spectrum.

Through our recently launched Chicken Soup for the Soul AVOD streaming service and FAST channel, we offer original and acquired unscripted lifestyle and scripted series and theatrical content that appeals to women and families.

The acquisition of Redbox in August 2022 added another established brand and leading home entertainment provider to the Chicken Soup for the Soul Entertainment portfolio of companies. For over 20 years, Redbox has focused on providing U.S. customers with the best value in entertainment and the most choice in how they consume it, through physical media and/or digital services. Through its physical media business, consumers can rent or purchase new-release DVDs and Blu-ray Discs® from its nationwide network of approximately 28,000 27,000 self-service kiosks. In the recent past, Redbox transformed from a pure-play DVD rental company to a multi-faceted entertainment company, providing additional value and choice to consumers through multiple digital products across a variety of content windows. The Redbox digital business includes Redbox On Demand, a TVOD service offering digital rental and purchase of new release and catalog movies; Redbox Free On Demand, an AVOD service providing free movies and TV shows on demand; and Redbox Free Live TV, a FAST service providing consumers access to approximately 180 130 linear channels. Chicken Soup for the Soul Entertainment also generates revenue through its Redbox Service business by providing installation, merchandising and break-fix services to other kiosk operators, and via Crackle Plus, selling third-party display advertising within Redbox's mobile app, website, and e-mails, as well as display and digital advertising at the kiosk.

Screen Media manages one of the industry's largest independently owned television and film libraries consisting of approximately 20,000 films and television episodes. Screen Media provides content for the Crackle Plus portfolio and also distributes its library to other exhibitors and third-party networks to generate additional revenue and operating cash flow.

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Our Halcyon Television subsidiary manages the extensive film and television library we acquired from Sonar Entertainment in 2021. This library is distributed by Screen Media and contains more than 1,000 titles, and 4,000 hours of programming, ranging from classics, including *The Little Rascals*, *Laurel & Hardy* and *Blondie* (produced by Hal Roach Studios), to acclaimed epic event mini-series such as *Lonesome Dove* and *Dinotopia*. Our Halcyon library titles have received 446 471 Emmy Award nominations, 105 109 Emmy Awards and 15 Golden Globe Awards. In March of 2022, Screen Media acquired 1091 Pictures that added approximately 4,000 films and episodes of licensed content as well as established FAST and AVOD channels in genre specific verticals with approximately 1 billion yearly ad-impressions.

Chicken Soup for the Soul Television Group houses our film and television production activities and produces or co-produces original content for Crackle Plus as well as content for other third-party networks. This group's production efforts are conducted through a number of affiliates, including Landmark Studio Group Chicken Soup for the Soul Studios, Indian-centric Locomotive Global Inc., and Halcyon Studios, which was formed in connection with our acquisition of the assets of Sonar Entertainment. Halcyon Studios develops, produces, finances, and distributes high-caliber scripted content for our company for all platforms across a broad spectrum in the U.S. and internationally, including premium series such as *Hunters* (Amazon Prime) and *Mysterious Benedict Society* (Disney+).

Collectively, Screen Media and Chicken Soup for the Soul Television Group enable us to acquire, produce, co-produce and distribute content, including our original and exclusive content, in support of our streaming services. We believe that we are the only scaled independent AVOD business with the proven capability to acquire, create and distribute original programming, and that we have one of the largest libraries of company-owned and third-party content in the AVOD industry. We believe this differentiation is important as consumers materially shift their viewing habits from traditional network-scheduled, linear and broadcast viewing to individual, personalized on-demand viewing in response to the ever-growing availability of high-speed content delivery across devices.

For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, our net revenue was approximately $65.7 million $27.4 million and $72.4 $109.6 million, respectively, and $255.2 million and $139.2 million for the nine months ended September 30, 2023 and 2022. respectively. Our Adjusted EBITDA for three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $(7.4) $(19.1) million and $9.6 million $20.1 million, respectively, and $13.4 million and $18.8 million for the nine months ended September 30, 2023 and 2022. respectively. As described below in “Use of Non-GAAP Financial Measure”, we use Adjusted EBITDA as an important metric for management of our business.

Use of Non-GAAP Financial Measure

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). We use a non-GAAP financial measure to evaluate our results of operations and as a supplemental indicator of our operating performance. The non-GAAP financial measure that we use is Adjusted EBITDA. Adjusted EBITDA (as defined below) is considered a non-GAAP financial measure as defined by Regulation G promulgated by the SEC under the Securities Act of 1933, as amended. Due to the significance of non-cash, cash and non-recurring expenses recognized during three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, and the likelihood of material non-cash, cash and non-recurring, and acquisition related expenses to occur in future periods, we believe that this non-GAAP financial measure enhances the understanding of our historical and current financial results as well as provides investors with measures used by management for the planning and forecasting of future periods, as well as for measuring performance for compensation of executives and other members of management. Further, we believe that Adjusted EBITDA enables our board of directors and management to analyze and evaluate financial and strategic planning decisions that will directly affect operating decisions and investments. We believe this measure is an important indicator of our operational strength and performance of our business because it provides a link between operational performance and operating income. It is also a primary measure used by management in evaluating companies as potential acquisition targets. We believe the presentation of this measure is relevant and useful for investors because it allows investors to view performance in a manner similar to the method used by management. We believe it helps improve investors’ ability to understand our operating performance and makes it easier to compare our results with other companies that have different capital structures or tax rates. In addition, we believe this measure is also among the primary measures used externally by our investors, analysts and peers in our industry for purposes of valuation and comparing our operating performance to other companies in our industry.

The presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual, infrequent or non-recurring items or by non-cash items. This non-GAAP financial measure should be

considered in addition to, rather than as a substitute for, our actual operating results included in our condensed consolidated financial statements.

We define Adjusted EBITDA as consolidated operating income (loss) adjusted to exclude interest, taxes, depreciation, amortization (including tangible and intangible assets), acquisition-related costs, consulting fees related to acquisitions, dividend payments, non-cash share-based compensation expense, and adjustments for other unusual and infrequent in nature identified charges, including transition related expenses. Adjusted EBITDA is not an earnings measure recognized by U.S. GAAP and does not have a standardized meaning prescribed by GAAP; accordingly, Adjusted EBITDA may not be comparable to similar measures presented by other companies. We believe Adjusted EBITDA to be a meaningful indicator of our performance that management uses and believes provides useful information to investors regarding our financial condition and results of operations. The most comparable GAAP measure is operating income (loss).

Adjusted EBITDA has important limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for our working capital needs;
- Adjusted EBITDA does not reflect the effects of preferred dividend payments, or the cash requirements necessary to fund;
- Although amortization and depreciation is a non-cash charge, the assets being depreciated will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such future replacements;

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- Adjusted EBITDA does not reflect the effects of film library amortization, film library revenue shares and participation costs, theatrical release costs as well as amortization for certain program rights;
- Adjusted EBITDA does not reflect the impact of stock-based compensation upon our results of operations;
- Adjusted EBITDA does not reflect interest expense, or the cash requirements necessary to service interest or principal payments on our debt;
- Adjusted EBITDA does not reflect our income tax expense (benefit) or the cash requirements to pay our income taxes;
- Adjusted EBITDA does not reflect the impact of acquisition related expenses; and the cash requirements necessary;
- Adjusted EBITDA does not reflect the impact of other non-recurring, infrequent in nature and unusual income and expenses, including acquisition related cash participation payments received and other fee income items generated in normal course of business practices; and
- Other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.
- In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses similar to those eliminated in this presentation.

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Reconciliation of Unaudited Results to Adjusted EBITDA

The following table presents a reconciliation of Adjusted EBITDA to our unaudited net loss for the periods presented:

Net loss available to common stockholders
Preferred dividends
Net loss attributable to noncontrolling interests
Income tax (benefit) provision
Other taxes
Interest expense(a)
Film library amortization and related costs(b)
Share-based compensation expense(c)
Expense for bad debt and video returns
Amortization and depreciation(d)
Other non-operating income, net(e)
Non-cash settlement of management and licensing fees

Impairment of intangible assets and goodwill (f)
Transitional expenses and other non-recurring costs(g)

Net loss available to common stockholders
Preferred dividends
Net loss attributable to noncontrolling interests
Income tax (benefit) provision
Other taxes
Interest expense(a)
Film library amortization and related costs(b)
Share-based compensation expense(c)
Expense for bad debt and video returns
Amortization and depreciation(d)
Other non-operating income, net(e)
Non-cash settlement of management and licensing fees
Transitional expenses and other non-recurring costs(f)

Adjusted EBITDA

(a) Includes amortization of deferred financing costs of $1,224,888 $1,215,778 and $344,146 $1,188,451 for the three months ended September 30, 2023 March 31, 2024 and 2022,

(b) Includes film library amortization, film library revenue shares and participation costs, theatrical release costs as well as amortization for certain program rights and impairment of c

(c) Represents expense related to common stock equivalents issued to certain employees and officers under the Long-Term Incentive Plan. In addition to common stock grants issu