Risk Factors Comparison 2023-06-29 to 2022-07-01 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

An investment in our securities involves a degree of risk. The risks described below are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also have a material adverse effect on us. If any of the following risks actually occur, our financial condition, results of operations, cash flows or business could be harmed. In that case, the market price of our stock could decline and you could lose part or all of your investment in our stock. Risks Related to our Business We face the risks of doing business in new and rapidly evolving markets and may not be able successfully to address such risks and achieve acceptable levels of success or profits. We have encountered and may continue to encounter the challenges, uncertainties and difficulties frequently experienced in new and rapidly evolving markets, including: ~~•~~ • limited operating experience; ~~•~~ • net losses; ~~•~~ • lack of sufficient customers or loss of significant customers; ~~•~~ • a changing business focus; ~~•~~ • the downward trend in sales of physical DVD and Blu- ray discs; ~~•~~ • rapidly- changing technology for some of the products and services we offer; and ~~•~~ • difficulties in managing potentially rapid growth. We expect competition to be intense. If we are unable to compete successfully, our business and results of operations will be seriously harmed. The markets for ~~the digital cinema business and~~ the content distribution business are competitive, evolving and subject to rapid technological and other changes. We expect the intensity of competition in each of these areas to increase in the future. Companies willing to expend the necessary capital to create facilities and / or capabilities similar to ours may compete with our business. Increased competition may result in reduced revenues and / or margins and loss of market share, any of which could seriously harm our business. In order to compete effectively in each of these fields, we must differentiate ourselves from **our** competitors. Many of our current and potential competitors **may** have longer operating histories and greater financial, technical, marketing and other resources than we do, which may permit them to adopt aggressive pricing policies. As a result, we may suffer from pricing pressures that could adversely affect our ability to generate revenues and our results of operations. Many of our competitors also have significantly greater name and brand recognition and a larger customer base than us. If we are unable to compete successfully, our business and results of operations will be seriously harmed. Our plan to acquire additional businesses involves risks, including our inability to complete or integrate an acquisition successfully, our assumption of liabilities, dilution of your investment and significant costs. Strategic and financially appropriate acquisitions are a key component of our growth strategy. Although there are no acquisitions identified by us as probable at this time, we may make acquisitions of similar or complementary businesses or assets. Even if we identify appropriate acquisition candidates, we may be unable to negotiate successfully the terms of the acquisitions, finance them, integrate the acquired business into our then existing business, obtain required regulatory approvals, and / or attract and retain customers. Completing an acquisition and integrating an acquired business may require a significant diversion of management time and resources and may involve assuming new liabilities. Any acquisition also involves the risks that the assets acquired may prove less valuable than expected and / or that we may assume unknown or unexpected liabilities, costs and problems. If we make one or more significant acquisitions in which any of the consideration consists of our capital stock, your equity interest in the Company could be diluted, perhaps significantly. If we were to proceed with one or more significant acquisitions in which the consideration included cash, we could be required to use a substantial portion of our available cash or obtain additional financing to consummate them. Our previous acquisitions involve risks, including our inability to integrate successfully the new businesses and our assumption of certain liabilities. Our previous acquisitions of businesses and their respective assets also involved the risks that the businesses and assets acquired may prove to be less valuable than we expected and / or that we may assume unknown or unexpected liabilities, costs and problems. In addition, we assumed certain liabilities in connection with these acquisitions and we cannot assure you that we will be able to satisfy adequately such assumed liabilities. Other companies that offer similar products and services may be able to market and sell their products and services more cost- effectively than we can. We have recorded goodwill impairment charges in the past and may be required to record additional charges to future earnings if our goodwill becomes further impaired or our intangible assets become impaired. We are required under generally accepted accounting principles to review our goodwill and definite-lived intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill must be tested for impairment at least annually. Factors that may be considered a change in circumstances indicating that the carrying value of our reporting units and intangible assets may not be recoverable include a decline in stock price and market capitalization, slower growth rates in our industry or our own operations, and / or other materially adverse events that have implications on the profitability of our business. We may be required to record additional charges to earnings during any period in which a further impairment of our goodwill or other intangible assets is determined which could adversely affect our results of operations. If we do not manage our growth, our business will be harmed. We may not be successful in managing our growth. Past growth has placed, and future growth will continue to place, significant challenges on our management and resources, related to the successful integration of the newly acquired businesses. To manage the expected growth of our operations, we will need to improve our existing, and implement new, operational and financial systems, procedures and controls. We may also need to expand our finance, administrative, client services and operations staffs and train and manage our growing employee base effectively. Our current and planned personnel, systems, procedures and controls may not be adequate to support our future operations. Our business, results of operations and financial position will suffer if we do not effectively manage our growth. If we are not successful in protecting our intellectual property, our business will suffer. We depend heavily on technology and viewing content to operate our business. Our success depends on protecting our intellectual property, which is one of our most important assets. We have intellectual property consisting of: ~~•~~ • rights to certain domain names; ~~●~~ **•** registered service marks on certain names and phrases; ~~●~~ **•** various unregistered trademarks and service marks; ~~●~~ **•** film, television and other forms of viewing content; ~~●~~ **•** know- how; and ~~●~~ **•** rights to certain logos. If we do not adequately protect our intellectual property, our business, financial position and results of operations would be harmed. Our means of protecting our intellectual property may not be adequate. Unauthorized parties may attempt to copy aspects of our intellectual property or to obtain and use information that we regard as proprietary. In addition, competitors may be able to devise methods of competing with our business that are not covered by our intellectual property. Our competitors may independently develop similar technology, duplicate our technology or design around any intellectual property that we may obtain. Although we hold rights to various web domain names, regulatory bodies in the United States and abroad could establish additional top- level domains, appoint additional domain name registrars or modify the requirements for holding domain names. The relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights is unclear. We may be unable to prevent third parties from acquiring domain names that are similar to or diminish the value of our proprietary rights. **We maintain** ~~Any future debt obligations of ours, and~~ - **an amount** ~~debt obligations~~ of **outstanding indebtedness** ~~our non- consolidated subsidiaries~~ , **which** could impair our **ability to operate** ~~financial flexibility and restrict~~ our business ~~significantly~~ **and react to changes in our business, remain in compliance with debt covenants and make payments on our debt** . We ~~do not currently have~~ **maintain an amount of outstanding indebtedness, which could impair our ability to operate our business and react to changes in our business, remain in compliance with** debt **covenants and make payments on our** ~~obligations. However, if we incur~~ debt **. Our level of indebtedness** ~~obligations in the future, such debt obligations~~ could ~~have important consequences for us, including: ● limiting our ability to obtain necessary financing in the future; ● requiring~~ **require** ~~us to dedicate~~ a ~~substantial~~ **significant** portion of our cash flow **from operations** to **be dedicated to the** ~~payments~~ - **payment of principal and interest** on our **indebtedness** ~~debt obligations~~ , ~~thereby~~ **therefore** reducing ~~the availability of~~ **our ability to use** our cash flow to fund ~~working capital~~ **our operations** , capital expenditures ~~;~~ and ~~●~~ **future business opportunities. In addition, our current credit facilities contain, and any future credit facilities will likely contain, covenants and** other **provisions that restrict our operations. These restrictive covenants and provisions could limit our ability to obtain future financing, make needed capital expenditures, withstand a future downturn in our business or the economy in general, or otherwise conduct necessary** corporate ~~requirements~~ **activities, and may prevent us from taking advantage of business opportunities** that ~~may affect~~ **arise in the future. If we refinance** ~~or~~ **our credit** ~~limit our business activities~~ - **facilities , we cannot guarantee that any new credit facility will not contain similar covenants and restrictions** . **Cinedigm Digital Funding 2, LLC ("** CDF2 **")** and CDF2 Holdings **, LLC (" CDF2 Holdings")** are our indirect wholly- owned, non- consolidated **variable interest entities ("** VIEs **")** that are intended to be special purpose, bankruptcy remote entities. CDF2 Holdings has entered into the a lease (the " CHG Lease ") pursuant to which CHG- Meridian U. S. Finance, Ltd. provided sale / leaseback financing for digital cinema projection systems that were partially financed as part of the Phase II deployment of our Digital Equipment segment. The CHG Lease is non- recourse to ~~Cinedigm~~ **Cineverse** and our subsidiaries, excluding our VIEs, CDF2 and CDF2 Holdings, as the case may be. Although the Phase II financing arrangements undertaken by CDF2 and CDF2 Holdings are important to us with respect to the success of our Phase II Deployment, our financial exposure related to the debt of CDF2 and CDF2 Holdings is limited to the $ 2. 0 million initial investment we made into CDF2 and CDF2 Holdings. CDF2 Holding' s total stockholder' s deficit at March 31, ~~2022~~ **2023** was $ ~~55~~ **59** . ~~6~~ **2** million. We have no obligation to fund the operating loss or the deficit beyond our initial investment, and accordingly, we carried our investment in CDF2 Holdings at $ 0 as of March 31, **2023 and** 2022 ~~and 2021~~ . The obligations and restrictions under the CHG Lease could have important consequences for CDF2 and CDF2 Holdings, including: ~~●~~ **•** ~~Limiting~~ **limiting** our ability to obtain necessary financing in the future; ~~●~~ **•** restricting us from incurring liens on the digital cinema projection systems financed and from subleasing, assigning or modifying the digital cinema projection systems financed; and ~~●~~ **•** requiring them to dedicate a substantial portion of their cash flow to payments on their debt obligations, thereby reducing the availability of their cash flow for other uses. If we are unable to meet our debt obligations, we could be forced to restructure or refinance our obligations, to seek additional equity financing or to sell assets, which we may not be able to do on satisfactory terms or at all. As a result, we could default on those obligations and in the event of such default, our lenders could accelerate our debt or take other actions that could restrict our operations. The foregoing risks would be intensified to the extent we borrow additional money or incur additional debt. We may not be able to generate the amount of cash needed to fund our future operations. Our ability either to make payments on or to refinance our indebtedness, or to fund planned capital expenditures and research and development efforts, will depend on our ability to generate cash in the future. Our ability to generate cash is in part subject to general economic, financial, competitive, regulatory and other factors that are beyond our control. Based on our current level of operations and in conjunction with the cost reduction measures that we have recently implemented and continue to implement, we believe our cash flow from operations, available borrowings and loan and credit agreement terms will be adequate to meet our future liquidity needs through at least the next twelve months. Significant assumptions underlie this belief, including, among other things, that there will be no material adverse developments in our business, liquidity or capital requirements. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as: ~~●~~ **•** reducing capital expenditures; ~~●~~ **•** reducing our overhead costs and / or workforce; ~~●~~ **•** reducing research and development efforts; ~~●~~ **•** selling assets; ~~●~~ **•** restructuring or refinancing our remaining indebtedness; and ~~●~~ **•** seeking additional funding. We cannot assure you, however, that our business will generate sufficient cash flow from operations, or that we will be able to make future borrowings in amounts sufficient to enable us to pay the principal and interest on our current indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. We have incurred long term losses. We have incurred long term losses and have financed our operations principally through equity investments and borrowings. As of March 31, ~~2022~~ **2023** , we had negative working capital, defined as current assets less current liabilities, of $ (

~~4~~ **7** . 8) million, and cash and cash equivalents ~~totaling~~ **of** $ ~~13~~ **7. 2 million, total equity of $ 39** . 1 million, **and** ~~total equity of~~ $ ~~41~~ **8. 8** million ~~, and $ 4. 9 million provided by~~ net cash flows ~~from~~ **used in** operating activities. Our net losses and cash outflows may increase as and to the extent that we increase the size of our business operations, increase our sales and marketing activities, increase our content distribution rights acquisition activities, enlarge our customer support and professional services and acquire additional businesses. These efforts may prove to be more expensive than we currently anticipate which could further increase our losses. We must continue to increase our revenues in order to become profitable. We cannot reliably predict when, or if, we will become profitable. Even if we achieve profitability, we may not be able to sustain it. If we cannot generate operating income or positive cash flows in the future, we will be unable to meet our working capital requirements. Many of our corporate actions may be controlled by our officers, directors and principal stockholders; these actions may benefit these principal stockholders more than our other stockholders. As of ~~March 31~~ **June 21** , ~~2022~~ **2023** , our directors, executive officers and principal stockholders, those known by us to beneficially own more than 5 % of the outstanding shares of our Common Stock, beneficially own, directly or indirectly, in the aggregate, approximately ~~23~~ **13** . ~~9~~ **3** % of our outstanding Common Stock. Certain of these stockholders are under the common control of one of our directors. These stockholders, as a group, may have significant influence over our business affairs, with the ability to control matters requiring approval by our security holders, including elections of directors and approvals of mergers or other business combinations. In addition, certain corporate actions directed by our officers may not necessarily inure to the proportional benefit of our other stockholders. We ~~face~~ **are subject to** risks **from** ~~associated with~~ our ~~business~~ **equity investment** in ~~China~~ **a foreign company** . In November 2017, Bison, a Hong Kong- based entity that does business in mainland China as well as other locations, became our majority owner ~~. We anticipate~~ **, although their ownership has since been reduced to less** ~~that~~ **than 10 %** ~~Bison' s presence and relationships in China will provide us with assistance in expanding our business to China~~ . In January 2018, we announced a strategic alliance with A Metaverse Company, a leading Chinese entertainment company, formerly Starrise Media Holdings Limited ~~, whose ordinary shares are listed on the Hong Kong Stock Exchange~~ (" Metaverse "), to release films in China theatrically and to digital platforms, and to evaluate opportunities to jointly produce Chinese / American film co- productions, and in February and April 2020, we acquired approximately 26 % of the outstanding ordinary shares of Metaverse ~~. Accordingly~~ , **which percentage** ~~we are exposed to risks of doing business in China. As a result, the economic, political, legal and social conditions in China could have a material adverse effect on our business. In addition, the legal system in China~~ has **declined** ~~inherent uncertainties that may limit the legal protections available in the event of any claims or disputes that we may have with third parties, including our ability~~ to **approximately 17 %** ~~protect the intellectual property we use in China~~ . **Metaverse** ~~As China~~ ' s ~~legal system is still evolving, the interpretation of many laws, regulations and rules is not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit the remedies available in the event of any claims or disputes with third parties. Some of the other risks related to doing business in China include: ● the Chinese government exerts substantial influence over the manner in which we must conduct our business activities; ● restrictions on currency exchange may limit our ability to receive and use our cash effectively; ● the Chinese government may favor local businesses and make it more difficult for foreign businesses to operate in China on an equal footing, or generally; ● there are increased uncertainties related to the enforcement of contracts with certain parties; and ● more restrictive rules on foreign investment could adversely affect our ability to expand our operations in China As a result of our growing operations in China, these risks could have a material adverse effect on our business, results of operations and financial condition. We are subject to risks from our equity investment in a foreign company. We own approximately 18 % of the outstanding~~ ordinary shares **are listed** ~~of Metaverse, a company that operates in China and whose ordinary shares trade~~ on the Hong Kong Stock Exchange **, although the trading of such shares was halted on April 1, 2022** . We have partnered with Metaverse in the past, and continue to do so, with respect to the release of U. S.- sourced content in China and China- sourced content in the U. S. We may experience consequences from economic and regulatory events and requirements outside of the United States that affect the value of these shares and their value to us, including changes in regulatory requirements that affect Metaverse, fluctuations in international currency exchange rates, volatility in international political and economic environments, public disclosure requirements, and unforeseen developments and conditions, including terrorism, war, epidemics and international tensions and conflicts. No assurance can be made that, if we were to sell these shares on the Hong Kong Stock Exchange in Hong Kong currency, we would receive the full value in U. S. dollars upon repatriating the proceeds, based on fluctuating currency exchange rates. While the impact of these factors is difficult to predict, any one or more of these factors could adversely affect the value of our investment in the Metaverse shares. Our success will significantly depend on our ability to hire and retain key personnel. Our success will depend in significant part upon the continued performance of our senior management personnel and other key technical, sales and creative personnel. We do not currently have significant " key person " life insurance policies for any of our employees. We currently have employment agreements with our ~~chief~~ **Chief** ~~executive~~ **Executive** ~~officer~~ **Officer , our President and Chief Strategy Officer, our Chief Operating Officer and Chief Technology Officer, our Chief Legal Officer, and our Chief Financial Officer** . If we lose one or more of our key employees, we may not be able to find a suitable replacement (s) and our business and results of operations could be adversely affected. In addition, competition for key employees necessary to create and distribute our entertainment content and software products is intense and may grow in the future. Our future success will also depend upon our ability to hire, train, integrate and retain qualified new employees and our inability to do so may have an adverse impact upon our business, financial condition, operating results, liquidity and prospects for growth ~~. If we do not respond to future changes in technology and customer demands, our financial position, prospects and results of operations may be adversely affected. The demand for our Systems and other assets in connection with our digital cinema business (collectively, our " Digital Cinema Assets ") may be affected by future advances in technology and changes in customer demands. We cannot assure you that there will be continued demand for our Digital Cinema Assets. Our profitability depends largely upon the continued use of digital presentations at theatres. Although we have entered into long term agreements with major motion picture studios and~~

~~independent studios (the " Studio Agreements "), there can be no assurance that these studios will continue to distribute digital content to movie theatres. If the development of digital presentations and changes in the way digital files are delivered does not continue or technology is used that is not compatible with our Systems, there may be no viable market for our Systems and related products. Any reduction in the use of our Systems and related products resulting from the development and deployment of new technology may negatively impact our revenues and the value of our Systems. The demand for DVD products is declining, and we anticipate that this decline will continue. We anticipate, however, that the distribution of DVD products will continue to generate positive cash flows for the Company for the foreseeable future. Should a decline in consumer demand be greater than we anticipate, our business could be adversely affected. Termination of the MLAs and MLAAs could damage our revenue and profitability. The master license agreements with each of our licensed exhibitors (the " MLAs ") are critical to our business as are master license administrative agreements (the " MLAAs "). The MLAs have terms, which expire in 2020 through 2022 and provide the exhibitor with an option to purchase our Systems or to renew for successive one- year periods up to ten years thereafter. The MLAs also require our suppliers to upgrade our Systems when Technology is necessary for compliance with DCI Specification becomes commercially available and we may determine to enhance the Systems, which may require additional capital expenditures. If any one of the MLAs were terminated prior to the end of its term, not renewed at its expiration or found to be unenforceable, or if our Systems are not upgraded or enhanced as necessary, it would have a material adverse effect on our revenue, profitability, financial condition and cash flows. Additionally, termination of MLAAs could adversely impact our servicing business. An increase in the use of alternative movie distribution channels and other competing forms of entertainment could drive down movie theatre attendance, which, if causing significant theatre closures or a substantial decline in motion picture production, may lead to reductions in our revenues. Various exhibitor chains, which are our distributors, face competition for patrons from a number of alternative motion picture distribution channels, such as DVD, network and syndicated television, VOD, pay- per- view television and downloading utilizing the Internet. These exhibitor chains also compete with other forms of entertainment competing for patrons' leisure time and disposable income such as concerts, amusement parks and sporting events. An increase in popularity of these alternative movie distribution channels and competing forms of entertainment could drive down movie theatre attendance and potentially cause certain of our exhibitors to close their theatres for extended periods of time. Significant theatre closures could in turn have a negative impact on the aggregate receipt of our VPF revenues, which in turn may have a material adverse effect on our business and ability to service our debt. An increase in the use of alternative movie distribution channels could also cause the overall production of motion pictures to decline, which, if substantial, could have an adverse effect on the businesses of the major studios with which we have Studio Agreements. A decline in the businesses of the major studios could in turn force the termination of certain Studio Agreements prior to the end of their terms. The Studio Agreements with each of the major studios are critical to our business, and their early termination may have a material adverse effect on our revenue, profitability, financial condition and cash flows~~ . Our success depends on external factors in the motion picture and television industry. Our success depends on the commercial success of movies and television programs, which is unpredictable. Operating in the motion picture and television industry involves a substantial degree of risk. Each movie and television program is an individual artistic work, and inherently unpredictable audience reactions primarily determine commercial success. Generally, the popularity of movies and television programs depends on many factors, including the critical acclaim they receive, the format of their initial release, for example, theatrical or direct- to- video, the actors and other key talent, their genre and their specific subject matter. The commercial success of movies and television programs also depends upon the quality and acceptance of movies or programs that our competitors release into the marketplace at or near the same time, critical reviews, the availability of alternative forms of entertainment and leisure activities, general economic conditions and other tangible and intangible factors, many of which we do not control and all of which may change. We cannot predict the future effects of these factors with certainty, any of which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. In addition, because a movie' s or television program' s performance in ancillary markets, such as home video and pay and free television, is often directly related to its box office performance or television ratings, poor box office results or poor television ratings may negatively affect future revenue streams. Our success will depend on the experience and judgment of our management to select and develop new content acquisition and investment opportunities. We cannot make assurances that movies and television programs will obtain favorable reviews or ratings, will perform well at the box office or in ancillary markets or that broadcasters will license the rights to broadcast any of our television programs in development or renew licenses to broadcast programs in our library. The failure to achieve any of the foregoing could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. ~~In addition, the motion picture industry has been significantly affected by the COVID-19 pandemic in light of mandatory theatre shutdown, changes to the planned production, distribution and release schedules. The industry may continue to be negatively impacted by delays in the production and release schedules of new motion pictures and TV shows, which may negatively affect our business, financial condition, operating results, liquidity and prospects.~~ Our business involves risks of liability claims for media content, which could adversely affect our business, results of operations and financial condition. As a distributor of media content, we may face potential liability for: ~~•~~ • defamation; ~~•~~ • invasion of privacy; ~~•~~ • negligence; ~~•~~ • copyright or trademark infringement (as discussed above); and ~~•~~ • other claims based on the nature and content of the materials distributed. These types of claims have been brought, sometimes successfully, against producers and distributors of media content. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. Our revenues and earnings are subject to market downturns. Our revenues and earnings may fluctuate significantly in the future. General economic or other conditions could cause lower than expected revenues and earnings within our digital cinema, technology or content and entertainment businesses. The global economic turmoil of recent years has caused a general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, an unprecedented level of intervention from the U. S.

federal government and other foreign governments, decreased consumer confidence, overall slower economic activity and extreme volatility in credit, equity and fixed income markets. While the ultimate outcome of these events cannot be predicted, a decrease in economic activity in the U. S. or in other regions of the world in which we do business could adversely affect demand for our movies, thus reducing our revenue and earnings. While stabilization has continued, it remains a slow process and the global economy remains subject to volatility. Moreover, financial institution failures may cause us to incur increased expenses or make it more difficult either to financing of any future acquisitions, or financing activities. Any of these factors could have a material adverse effect on our business, results of operations and could result in significant additional dilution to shareholders. Changes in economic conditions could have a material adverse effect on our business, financial position and results of operations. Our operations and performance could be influenced by worldwide economic conditions. Uncertainty about current global economic conditions poses a risk as consumers and businesses may postpone spending in response to tighter credit, negative financial news and / or declines in income or asset values, which could have a material negative effect on the demand for our products and services. Other factors that could influence demand include continuing increases in fuel and other energy costs, conditions in the residential real estate and mortgage markets, labor and healthcare costs, access to credit, consumer confidence, and other macroeconomic factors affecting consumer- spending behavior. These and other economic factors could have a material adverse effect on demand for our products and services and on our financial condition and operating results. Uncertainty about current global economic conditions could also continue to increase the volatility of our stock price. Changes to existing accounting pronouncements or taxation rules or practices may affect how we conduct our business and affect our reported results of operations. New accounting pronouncements or tax rules and varying interpretations of accounting pronouncements or taxation practice have occurred and may occur in the future. A change in accounting pronouncements or interpretations or taxation rules or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. Changes to existing rules and pronouncements, future changes, if any, or the questioning of current practices or interpretations may adversely affect our reported financial results or the way we conduct our business. Our ability to utilize our net operating loss carryforwards in the future is subject to substantial limitations and we may not be able to use some identified net operating loss carryforwards, which could result in increased tax payments in future periods. Under Section 382 of the Internal Revenue Code, if a corporation undergoes an ownership change (generally defined as a greater than 50 % change (by value) in its equity ownership over a three-year period), the corporation' s ability to use its pre- change net operating loss (" NOL ") carryforwards to offset its post- change income may be limited. Similar rules may apply under state tax laws. On November 1, ~~2018~~ **2017** , we experienced an ownership change with respect to the Bison acquisition. Accordingly, our ability to utilize our NOL carryforwards attributable to periods prior to November 1, ~~2018~~ **2017 ,** is subject to substantial limitations. These limitations could result in increased future tax payments, which could be material **. We experienced subsequent ownership changes under Section 382 on September 15, 2020 and November 1, 2022, which resulted in additional limitations in our ability to utilize our NOL carryforwards attributable to periods prior to September 15, 2020 and November 2022, respectively. The limitations triggered by the September 15, 2020 and November 1, 2022 ownership changes were significantly less substantial than the limitation triggered by the November 1, 2017 ownership change, however** . We may experience unanticipated effects of the COVID-19 pandemic. Our business could be adversely affected by the effects of a widespread outbreak of contagious disease, including the outbreak of COVID- 19. The COVID- 19 pandemic and related economic repercussions created significant volatility and uncertainty impacting the Company' s results ~~for the~~ **during recent** ~~year~~ **years** . As part of our Content & Entertainment ~~business~~ **segment** , the Company sells DVDs and Blu- ray discs at brick- and- mortar stores. With the closure of non- essential retail stores beginning in the spring of 2020, the sale of physical discs through our retail partners declined although this was partially offset by digital purchases of physical product. **However** ~~As part of our Cinema Equipment business~~ , the **level** ~~Company earns revenue when movies are exhibited in theaters. Many movie theaters in the United States slowly re- opened with limited capacities through March 31, 2022. The majority~~ of ~~major studios resumed blockbuster films releases during the year which showed an encouraging return of consumer confidence for the theatrical experience. As vaccines became readily available and COVID cases decreased, major studios resumed theatrical releases and there~~ **these** ~~was an uptick in box office revenue during the period ending March 31, 2022. Longer term, there had been speculation that the future of theatrical release strategies could change as a result of Major Studios being able to release movies simultaneously in theatres and on streaming platforms during the pandemic. If fewer movies are released theatrically, a shift to digital viewing reduces revenue opportunities for virtual print fees and~~ sales ~~of digital cinema equipment. While Studios are still in an experimentation phase regarding theatrical / streaming strategies we are encouraged by the success of recent exclusive theatrical releases such as~~ **has substantially recovered** ~~Sony' s ' Spider- Man: No Way Home', which became the first movie since the pandemic to hit $ 1 billion globally with no current plans to premiere on any streaming platforms~~ . Risks Related to Common Stock The liquidity of ~~the~~ **our** Common Stock is uncertain; the limited trading volume of ~~the~~ **our** Common Stock may depress the price of such stock or cause it to fluctuate significantly. Although ~~the~~ **our** Common Stock is listed on Nasdaq, there has been a limited public market for ~~the~~ **our** Common Stock and there can be no assurance that a more active trading market for ~~the~~ **our** Common Stock will develop. As a result, you may not be able to sell your shares of **our** Common Stock in short time periods, or possibly at all. The absence of an active trading market may cause the price per share of ~~the~~ **our** Common Stock to fluctuate significantly. Substantial resales or future issuances of our Common Stock could depress our stock price. The market price for ~~the~~ **our** Common Stock could decline, perhaps significantly, as a result of resales or issuances of a large number of shares of ~~the~~ **our** Common Stock in the public market or even the perception that such resales or issuances could occur. In addition, we have outstanding a substantial number of options and warrants exercisable for shares of **our** Common Stock that may be exercised in the future. These factors could also make it more difficult for us to raise funds through future offerings of our equity securities. You will incur substantial dilution as a result of certain future equity issuances. We have a substantial number of options and warrants currently outstanding which may be immediately exercised for shares of Common Stock. To the extent that these options or warrants are exercised, or to the extent we issue additional shares of Common Stock in the future, as the case may be, there will be further dilution to holders of shares of the Common Stock. Our issuance of preferred stock could adversely affect holders of Common Stock. Our ~~board~~ **Board** of ~~directors~~ **Directors** is authorized to issue series of preferred stock without any action on the part of our holders of Common Stock. Our ~~board~~ **Board** of ~~directors~~ **Directors (the" Board of Directors")** also has the power, without stockholder approval, to set the terms of any such series of preferred stock that may be issued, including voting rights, dividend rights, preferences over our Common Stock with respect to dividends or if we liquidate, dissolve or wind up our business and other terms. If we issue preferred stock in the future that has preference over our Common Stock with respect to the payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our Common Stock, the rights of holders of our Common Stock or the price of our Common Stock could be adversely affected. Our stock price has been volatile and may continue to be volatile in the future; this volatility may affect the price at which you could sell our Common Stock. The trading price of ~~the~~ **our** Common Stock has been volatile and may continue to be volatile in response to various factors, some of which are beyond our control. Any of the factors listed below could have a material adverse effect on an investment in our securities: ~~•~~ **•** actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us; ~~•~~ **•** changes in the market' s expectations about our operating results; ~~•~~ **•** success of competitors; ~~•~~ **•** our operating results failing to meet the expectation of securities analysts or investors in a particular period; ~~•~~ **•** changes in financial estimates and recommendations by securities analysts concerning us, the market for digital and physical content, content distribution and entertainment in general; ~~•~~ **•** operating and stock price performance of other companies that investors deem comparable to us; ~~•~~ **•** our ability to market new and enhanced products on a timely basis; ~~•~~ **•** changes in laws and regulations affecting our business or our industry; ~~•~~ **•** commencement of, or involvement in, litigation involving us; ~~•~~ **•** changes in our capital structure, such as future issuances of securities or the incurrence of debt; ~~•~~ **•** the volume of shares of the Common Stock available for public sale; ~~•~~ **•** any major change in our ~~board~~ **Board** of ~~directors~~ **Directors** or management; ~~•~~ **•** sales of substantial amounts of Common Stock by our directors, executive officers or significant stockholders or the perception that such sales could occur; and ~~•~~ **•** general economic and political conditions such as recessions, interest rates, international currency fluctuations and acts of war or terrorism. Broad market and industry factors may materially harm the market price of the Common Stock irrespective of our operating performance. The stock market in general, and Nasdaq in particular, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of the Common Stock, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies that investors perceive to be similar to us could depress our stock price regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of the Common Stock also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future. Anti- takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt. ~~Our~~ **The Company' s** ~~fifth~~ **Fifth** ~~amended~~ **Amended** and ~~restated~~ **Restated** ~~certificate~~ **Certificate** of ~~incorporation~~ **Incorporation** ~~and bylaws~~ , as amended, **and our Second Amended and Restated Bylaws** contain provisions that could have the effect of delaying or preventing changes in control or changes in our management without the consent of our ~~board~~ **Board** of ~~directors~~ **Directors** . These provisions include: ~~•~~ **•** no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; ~~•~~ **•** the exclusive right of our ~~board~~ **Board** of ~~directors~~ **Directors** to elect a director to fill a vacancy created by the expansion of the ~~board~~ **Board** of ~~directors~~ **Directors** or the resignation, death, or removal of a director, which prevents stockholders from being able to fill vacancies on our ~~board~~ **Board** of ~~directors~~ **Directors** ; ~~•~~ **•** the ability of our ~~board~~ **Board** of ~~directors~~ **Directors** to determine to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer; ~~•~~ **•** the requirement that an annual meeting of stockholders may be called only by the ~~board~~ **Board** of ~~directors~~ **Directors** , which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; ~~•~~ **•** limiting the liability of, and providing indemnification to, our directors and officers; ~~•~~ **•** controlling the procedures for the conduct and scheduling of stockholder meetings; and ~~•~~ **•** providing that directors may be removed prior to the expiration of their terms by the Board of Directors only for cause. In addition, our certificate of incorporation authorizes the issuance of 15 **million** ~~, 000, 000~~ shares of preferred stock. The terms of our preferred stock may be fixed by the company' s ~~board~~ **Board** of ~~directors~~ **Directors** without further stockholder action. The terms of any outstanding series or class of preferred stock may include priority claims to assets and dividends and special voting rights, which could adversely affect the rights of holders of Common Stock. Any future issuance (s) of preferred stock could make the takeover of the company more difficult, discourage unsolicited bids for control of the company in which our stockholders could receive premiums for their shares, dilute or subordinate the rights of holders of Common Stock and adversely affect the trading price of the Common Stock. These provisions, alone or together, could delay hostile takeovers and changes in control of the Company or changes in our management. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the **General Corporation Law of the State of Delaware (the"** DGCL **")** , which prevents some stockholders holding more than 15 % of our outstanding ~~common~~ **Common** ~~stock~~ **Stock** from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock. Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our securities. We may not be able to maintain the listing of our Common Stock on Nasdaq, which may adversely affect the flexibility of holders of Common Stock to resell their securities in the secondary market. The Common Stock is presently listed on Nasdaq. On April 4, 2022, we received a letter (the " Notice ") from the Listing Qualifications staff of Nasdaq indicating that the Company no longer meets the requirement to maintain a minimum bid price of $ 1 per share, as set forth in Nasdaq Listing Rule 5450 (a) (1). The Notice did not result in the immediate delisting of the Common Stock from Nasdaq. In accordance with Nasdaq Listing Rule 5810 (c) (3) (A), we were provided a period of 180 calendar days, or until October 3, 2022, in which to regain compliance. There can be no assurance that we regain compliance within such period, or will be granted an extension of time to cure the deficiency. **On April 5, 0223, the Company received a notice of delisting as of April 14, 2023 from Nasdaq, and on April 12, 2023, the Company requested a hearing to appeal the delisting notice. Such hearing took place on May 25, 2023 and Nasdaq subsequently agreed to extend the compliance date to July 19, 2023.** If the Company is unable to meet the continued listing criteria of Nasdaq and the Common Stock became delisted, trading of the Common Stock could thereafter be conducted in the over- the- counter markets in the OTC Pink, also known as " pink sheets " or, if available, on another OTC trading platform. Any such delisting could harm our ability to raise capital through alternative financing sources on terms acceptable to us, or at all, and may result in the loss of confidence in our financial stability by suppliers, customers and employees. Investors would likely find it more difficult to dispose of, or to obtain accurate market quotations for, the Common Stock, as the liquidity that Nasdaq provides would no longer be available to investors. In addition, the failure of our Common Stock to continue to be listed on the Nasdaq could adversely impact the market price for the Common Stock and our other securities, and we could face a lengthy process to re- list the Common Stock, if we are able to re- list the Common Stock. We have no present intention of paying dividends on our Common Stock. We have never paid any cash dividends on our Common Stock and have no present plans to do so. In addition, certain of our credit facilities restrict our ability to pay dividends on the Common Stock. As a result, you may not receive any return on an investment in our Common Stock unless you sell any shares you hold for a price greater than that which you paid for them. Our ability to raise capital in the future may be limited, which could make us unable to fund our capital requirements. Our business and operations may consume resources faster than we anticipate, or we may require additional funds to pursue acquisition or expansion opportunities. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. Additional financing may not be available on favorable terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new debt securities, the debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our Common Stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our Common Stock, diluting their interest or being subject to rights and preferences senior to their own. We identified material weaknesses in our internal control over financial reporting, and we may identify additional material weaknesses in the future that may cause us to fail to meet our reporting obligations or result in material misstatements of our financial statements. If we fail to remediate any material weaknesses or if we otherwise fail to establish and maintain effective control over financial reporting, our ability to accurately and timely report our financial results could be adversely affected. We identified deficiencies in our internal control that we consider to be material weaknesses in our internal control over financial reporting which existed as of March 31, ~~2021 and~~ 2022 **and 2023** . A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our consolidated financial statements will not be prevented or detected on a timely basis. In the evaluation, management identified material weaknesses in internal controls related to our financial close and reporting process and information and communication controls. Management also concluded that we did not have a sufficient complement of corporate personnel with appropriate levels of accounting and controls knowledge and experience commensurate with our financial reporting requirements to appropriately analyze, record and disclose accounting matters completely and accurately. As a result of this evaluation, management extensively used outside consultants who possessed the appropriate levels of accounting and controls knowledge. Following identification of this control deficiency, management is implementing modifications to better ensure that the Company has appropriate and timely reviews on all financial reporting analysis. The material weakness in our internal control over financial reporting will not be considered remediated until these modifications are implemented, in operation for a sufficient period of time, tested, and concluded by management to be designed and operating effectively. In addition, as we continue to evaluate and work to improve our internal control over financial reporting, management may determine to take additional measures to address control deficiencies or determine to modify our remediation plan. Management will test and evaluate the implementation of these modifications to ascertain whether they are designed and operating effectively to provide reasonable assurance that they will prevent or detect a material misstatement in the Company' s financial statements. By taking the remediation steps described in Item 9A, we believe that, as a result of management' s in-depth review of its accounting processes, and the additional procedures management has implemented, there are no material inaccuracies or omissions of material fact in this Form 10- K and, to the best of our knowledge, we believe that the consolidated financial statements in this Form 10- K fairly present in all material respects our financial condition, results of operations and cash flows in conformity with GAAP. We may identify future material weaknesses in our internal controls over financial reporting and we may be unable to accurately report our financial results, or report them within the timeframes required by law or stock exchange regulations. We cannot assure that our existing material weakness will be remediated or that additional material weaknesses will not exist or otherwise be discovered, any of which could adversely affect our reputation, financial condition and results of operations.