Risk Factors Comparison 2024-04-19 to 2023-03-31 Form: 10-K

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

In connection with any consideration or evaluation of our company, you should read and carefully consider the risks associated with our business and operations, including those described below. Any of the risks could have a material adverse effect on our business, financial condition, cash flows and results of operations. Risks ~~Relating~~ **Related** to ~~Integration~~ **Our Current Financial Condition There is substantial doubt about our ability to continue as a going concern and this could materially impact our ability to obtain capital financing and the value** of **our common and preferred stock. CSSE' s merger with** Redbox ~~into Our Existing Operations Following our recent~~ **occurred in August 2022. The merger included the assumption of $ 359. 9 million of debt. The ability to service this debt 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. 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 **, would generate sufficient cash flows to cover the cash needs** of **the combined businesses. Since the acquisition, operating results have not met management' s expectations, particularly** Redbox **' s kiosk rentals** , ~~we face numerous risks~~ **resulting in insufficient cash flows and working capital to operate the business efficiently. The combination of these factors has resulted in an increasing number of defaults and / or contractual terminations across critical counterparties and service providers, impacting our ability to procure and monetize content efficiently across our distribution platforms. Due to the on- going impact of these factors on our future results of operations, cash flows and financial condition, as well as our inability to factor longer dated receivables under our credit facility constraints, there is substantial doubt as to the ability of the Company to continue as a going concern. The Company is considering strategic alternatives and transactions, as well as restructuring actions and initiatives to improve its efficiency and reduce its cost structure. However, there can be no assurance** that **these steps will be sufficient to mitigate the adverse trends we** are **experiencing** in ~~addition~~ **our businesses. Management may seek** to ~~,~~ **implement further cost** and ~~differ from~~ **capital expenditure reductions** , **as necessary. Even if** ~~those~~ -- **the Company is able to achieve some or all of the contemplated actions, there can be no assurances that** we **can complete any such actions or strategic transactions in amounts sufficient to alleviate the substantial doubt regarding the Company' s ability to continue as a going concern. If we cannot continue as a going concern, our stockholders would likely lose most or all of their investment in our company and holders of our indebtedness may also suffer material losses on their investments. Reports raising substantial doubt as to a company' s ability to continue as a going concern are generally viewed unfavorably by analysts and investors and could** have ~~historically faced. Our consolidated operations and~~ **a material adverse effect on the Company' s business,** financial position **, results of operations and liquidity. The level of indebtedness assumed in connection with our acquisition of Redbox has not been supported by the Redbox assets and businesses acquired, which has had a material adverse effect on our Company. Key components of the Redbox business, including its DVD kiosk rental business, has continued to experience declines since the Merger. The businesses acquired from Redbox has not provided sufficient cash flow since the completion of the Merger to support the related indebtedness acquired by us in the Merger and as significantly hampered our company' s cash flow, which in turn has materially adversely affected our operations, including the businesses we operated prior to the Merger. Unless we** are ~~different from~~ **able to strategically reconfigure** our ~~consolidated~~ **businesses, the results of** operations ~~and financial position before the completion~~ of the **combined companies are likely** ~~acquisition of Redbox through a series of mergers (the " Merger). For example, the renting of physical DVDs~~ to ~~consumers through~~ **continue to be adversely affected by** Redbox' s legacy ~~kiosk operations is a relatively new area of business~~ **businesses and debt** ~~for our company. Further~~ , **and** ~~in connection with the Merger~~ we ~~assumed approximately $ 366. 3 million of Redbox indebtedness. The results of operations of the combined companies~~ may ~~be affected by~~ **continue to face** risk factors that are different from those that individually affected the results of operations of CSSE and Redbox respectively prior to the Merger. **We** ~~Our results of operations and, relatedly, the market price and performance of our Class A Common Stock and other publicly traded securities is likely to be different from what may~~ have **entered into a term sheet** ~~been expected prior to the Merger. CSSE' s ability to utilize its historic U. S. net operating loss carryforwards may be limited. As of December 31, 2022, inclusive of Redbox, we had combined consolidated U. S. federal net operating loss carryforwards (" NOLs ") of approximately $ 145. 0 million,~~ with ~~$ 10. 8 million incurred prior~~ **our principal lender setting forth the general terms of a mutual forbearance arrangement that would provide our company an opportunity** to ~~January 1~~ **pursue certain refinancing and further capitalization transactions that** , ~~2018~~ **if successful** , ~~which~~ will **result** ~~begin to expire, if unused,~~ in ~~2031~~ **settlement of all obligations to,** and **claims by and against,** ~~the remaining $ 134. 2 million incurred on or~~ **our principal lender** ~~after January 1~~ , **in the coming months. We are pressing** ~~2018, which will not expire and will be carried~~ forward ~~indefinitely. Our ability~~ **expeditiously and assertively with documentation of a mutual forbearance agreement, and pressing** to ~~utilize~~ **finalize all documents necessary to make** these **transactions** ~~NOLs and other tax attributes to reduce future taxable income depends on many factors, including our future income, which cannot be assured. Section 382 of the Code (" Section 382 ") generally imposes an~~ **and resolutions happen** ~~annual limitation on the amount of NOLs that may be used to offset taxable income when a corporation has undergone an " ownership change " (as determined under Section 382)~~ . **However** ~~An ownership change generally occurs if one or more stockholders (or groups of stockholders) who are each deemed to own at least 5 % of such corporation' s stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three- year period. In the event that an ownership~~

~~change occurs, utilization of the relevant corporation' s NOLs would be subject to an annual limitation under Section 382, generally determined, subject to certain adjustments, by multiplying (i) the fair market value of such corporation' s stock at the time of the ownership change by (ii) a percentage approximately equivalent to the highest yield on long- term tax- exempt bonds in effect for any month during the three- month period ending the month in which the ownership change occurs (2. 54 % for August 2022, the date of the business combination). Any unused annual limitation may be carried over to subsequent years. Redbox is expected to be deemed to have undergone an ownership change under Section 382 as a result of the Merger, which would trigger a limitation (calculated as described above) on our ability to utilize any historic Redbox NOLs. Although our issuance of stock in the Merger, standing alone, was insufficient to result in an ownership change with respect to our company~~ , we cannot assure you that ~~we~~ **the underlying disputes** will **ultimately be resolved in a manner that is satisfactory to us or which does** not **cause us material harm. If a definitive mutual forbearance agreement is entered into by our company and our principal lender (which, as of the date of this Annual Report, we are cautiously optimistic will occur), we will** be **required to consummate certain proposed transactions with third parties within a prescribed period of time and pay down an agreed amount of our loans with the lender in order to** ~~deemed~~ -- **deem our credit facility satisfied in its entirety and render our dispute with our lender moot. There can be no assurance that we will be able** to **finalize a mutual forbearance agreement, consummate such proposed transactions, or generate sufficient capital to fully fund such payoff. Our board of directors has voted to form an independent directors committee to evaluate our strategic alternatives and our mutual forbearance arrangement with our principal lender also is expected to implement a strategic review committee within our board of directors. Our board of directors has voted to form an independent directors committee to evaluate, among other items, our strategic alternatives, which may include, among other options, potential mergers, acquisitions, divestitures, or other significant corporate transactions. Additionally, our mutual forbearance arrangement with our principal lender is expected to require the implementation of a strategic alternatives committee and related measures in circumstances where we** have ~~undergone~~ **not consummated certain proposed transactions** ~~an~~ **and** ~~ownership~~ **made certain payments. While the formation of these committees and the implementation of related measures are intended to address our financial** ~~change~~ **challenges , explore strategic options and enhance creditor and stockholder value, there are significant risks and uncertainties associated with these actions, including, but not limited to: ● Limited Resources and Attention: The formation of multiple committees and the implementation of related measures may divert the attention and resources of our management team and the board of directors away from day- to- day operations and other strategic initiatives. This diversion of resources could adversely affect our ability to execute our business plans effectively and efficiently. ● Potential Conflicts of Interest: Members of the independent directors committee and any restructuring committee may have conflicting interests or obligations that could impact their ability to act independently and in the best interests of our stockholders. Conflicts of interest could arise from personal relationships, financial interests, or affiliations with other companies or entities involved in the strategic review process. Conflicts would include the interests of our principal lender** as a **creditor as compared to the interest of holders of equity. ● Uncertain Strategic Alternatives: There can be no assurance that the strategic review process will** result **in** ~~of the Merger when taking into account other~~ -- **the identification** ~~changes in ownership of our~~ - **or completion of any strategic transaction or that any transaction identified will** ~~stock occurring within the relevant three- year period described above. If we were to~~ be ~~deemed~~ **in the best interests of our stockholders. The evaluation of strategic alternatives involves numerous uncertainties and complexities, including market conditions, regulatory considerations, and negotiations with third parties, which may result in the failure** to **consummate a transaction or the realization of value significantly below expectations. These actions may** have ~~undergone an ownership change as~~ a **significant impact on our business, financial condition, and results of operations, and there can be no assurance that they will ultimately** result **in** ~~of the Merger, we may be prevented from fully utilizing our historic NOLs incurred prior to January 1, 2018. Uncertainties associated with the integration of Redbox into CSSE as a result of the completed Merger may cause a loss of management personnel and other~~ -- **the enhancement of shareholder value. We have recently lost** key employees, which could adversely affect the future business and operations of CSSE **going forward** ~~following the Merger~~ . We are dependent on the experience and industry knowledge of ~~its~~ **our company' s** officers and other key employees to execute our business plans. **Since** ~~Our success following~~ the Merger ~~depends in part upon our ability to~~ **, we have experienced the loss of** ~~retain~~ - **certain** ~~key management personnel and other~~ key employees **, particularly 10within the Redbox businesses** . It is possible that the employees of our combined companies may **continue to** experience uncertainty or disaffection about their roles within our company or ~~the~~ about the operations of the **combined companies** ~~combinedcompanies during our ongoing~~ -- **going forward** ~~integration efforts as a result of the Merger~~ , which may have an adverse effect on our ability to retain or attract key management and other key personnel ~~. In addition, the loss of key Redbox personnel during the integration process or at any time thereafter could diminish the anticipated benefits of the Merger~~ . No assurance can be given that we will be able to successfully retain or attract key management personnel and other key employees. ~~The~~ **We have experienced material disruptions in key** business relationships ~~of CSSE may be subject to disruption due to uncertainty associated with the Merger, which could have a material adverse effect on the results of operations, cash flows~~ and ~~financial position of CSSE pending and following the Merger. Parties with which our company or~~ **our inability** ~~Redbox did business prior~~ to **service all** ~~the Merger may experience uncertainty with respect to current or~~ **our indebtedness and** ~~future business relationships with our combined companies as a result of the~~ **other** ~~Merger~~ **obligations** . Our business relationships with **numerous** ~~such parties may be subject to disruption as~~ customers, distributors, suppliers, vendors, landlords, joint venture partners **,** and other business partners ~~may attempt to~~ **have been materially hampered by our financial condition. As a result, we have experienced** ~~delay~~ **delays in accessing new content and ad sales inventory. This has also hurt** ~~or~~ **our** ~~defer~~ **reputation and made it difficult to** ~~entering~~ --- **enter** into new business relationships ~~,~~ **and** negotiate changes ~~in~~ **to** existing business relationships ~~or consider entering into business relationships with parties other than our company as a~~

~~result of the Merger~~. These disruptions ~~could~~ have **had** a material and adverse effect on the results of operations, cash flows and financial position of our company, as well as a material and adverse effect on our ability to realize the expected cost savings and other benefits of ~~the~~ **our** ~~Merger~~ **merger with** ~~. The projected combined financial results, cost savings and other benefits following the Merger may not be realized. In determining to consummate the Merger, our company and~~ Redbox ~~utilized financial estimates and forecasts that were based on assumptions of, and information available to, our management and Redbox' s management, as applicable, when prepared, and these estimates and assumptions were and remain subject to uncertainties, many of which are beyond our control. Our company and Redbox used different assumptions with respect to their evaluation of the future prospects of the legacy business of Redbox in connection with the evaluation of the Merger. Actual future results may vary materially from the projections, estimates and assumptions utilized in connection with an evaluation and consideration of the Merger, and we may not realize the projected combined financial and operating results or cost- savings and other benefits from the Merger. The combined company following the Merger has significant indebtedness that exceeds the debt obligations of our pre- Merger company and Redbox in the aggregate prior to the Merger. Any inability to support debt repayment requirements, will materially adversely affect CSSE, its operations and financial condition. As a result of the consummation of the Merger, we have significant aggregate indebtedness in excess of our indebtedness prior to the Merger, and have significant monthly, quarterly and annual debt and preferred stock dividend obligations, which need to be met from operational cash flow, existing and future credit facilities, debt financings and / or equity financings, which may not be available to CSSE as and when required or on commercially reasonable terms. The company does have tools to help manage its cash flows needs under our HPS Credit Facility, including the right to PIK interest for the first eighteen months, the right to secure an asset- based lending accounts receivable facility and the right to secure normal course film financings. Additionally, if necessary, the company has the right to defer monthly cash dividends payments on our Series Class A Preferred Stock and instead, let them accumulate. As of December 31, 2022, CSSE had aggregate gross indebtedness of $ 500. 2 million, including its obligations under the HPS Credit Facility, MUFG Union Bank (formerly known as Union Bank) film financing facility, its outstanding publicly traded 9. 50 % notes (Nasdaq Symbol: CSSEN) and capital leases. In connection with the execution of the Merger Agreement, CSSE and HPS executed a commitment letter pursuant to which, at the Effective Time, CSSE obtained from HPS and its affiliates (i) a term loan facility consisting of the conversion and assumption by CSSE of all " Senior Obligations " under (and as defined in) the Redbox Amended Credit Agreement (other than any outstanding Sixth Amendment Incremental Revolving Loans (as defined in the Redbox Amended Credit Agreement) under the Redbox Amended Credit Agreement) and (ii) an $ 80 million revolving credit facility (with any outstanding the Sixth Amendment Incremental Revolving Loans under the Redbox Amended Credit Agreement being deemed, and assumed by CSSE as, revolving loans thereunder). In connection with the Merger, our company assumed $ 357. 5 million of debt under the HPS Credit Facility and $ 8. 8 million of debt under Redbox' s MUFG Union Bank film financing facility and capital leases. If the combined company' s monthly and 11annual cash flow is not adequate to cover such debt service obligations, other existing capital resources of our company would need to be utilized. If these resources also prove inadequate to service all debt obligations, we will need to secure additional financing through debt and / or equity financing. Any such financing would have the effect of further leveraging our company and / or diluting its existing stockholders. If needed, such additional financing may not be available as and when required, or on terms that are commercially reasonable. In the event we are unable to satisfy our debt service obligations following the Merger from cash flows from operations and existing resources and are unable to secure additional financing as and when needed, we may be required to curtail all or some of our operations and / or dispose of assets or take other measures required to diminish such debt service obligations or raise capital resources as necessary to satisfy same. In addition, substantially all our assets have been pledged in connection with such indebtedness, and any event of default under such indebtedness could lead to foreclosure of some or all of such assets. However, the Company does have the ability to secure any additional first lien asset- based accounts receivable lending facility and to secure first lien film financing facilities. We may be unable to integrate the business of Redbox successfully or realize the anticipated benefits of the Merger. The Merger involved the combination of two companies that previously operated as independent public companies. The combination of two independent businesses is complex, costly and time consuming, and the combined company has been required to devote significant management attention and resources to integrating our and Redbox' s respective business practices and operations. Potential difficulties that the companies may encounter as part of the integration process include the following: ● the inability to successfully integrate the business of Redbox in a manner that permits us to achieve, on a timely basis or at all, the enhanced revenue opportunities and cost savings and other benefits anticipated to result from the Merger; complexities associated with managing the combined businesses, including difficulty addressing possible differences in operational philosophies and the challenge of integrating complex systems, technology, networks, processes and other assets of each of the companies in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies; ● the assumption of contractual obligations with less favorable or more restrictive terms; ● potential unknown liabilities and unforeseen increased expenses or delays associated with the Merger; ● diversion of the attention of our management; and ● the disruption of, or the loss of momentum in, our ongoing businesses or inconsistencies in standards, controls, procedures, and policies. Any of these issues could adversely affect our combined company' s ability to maintain relationships with customers, suppliers, employees and other constituencies or achieve the anticipated benefits of the Merger or could reduce our earnings or otherwise adversely affect our business and financial results. The synergies attributable to the Merger may vary from expectations. We may fail to realize the anticipated benefits and synergies expected from the Merger, which could adversely affect our business, financial condition and operating results. The ultimate success of the Merger depends, in significant part, on our ability to successfully integrate the acquired Redbox businesses and realize the anticipated strategic benefits and synergies from the combination. We believe that the addition of Redbox complements our pre- Merger strategy by providing operational and financial scale, increasing free cash flow, and enhancing our corporate rate of return. However, achieving these goals requires, among other things, realization of the~~

~~targeted cost synergies expected from the Merger. The anticipated benefits of the transaction may not be realized fully or at all or may take longer to realize than expected. Actual operating, technological, strategic and revenue opportunities, if achieved at all, may be less significant than expected or may take longer to achieve than 12anticipated. If we are not able to achieve these objectives and realize the anticipated benefits and synergies expected from the Merger within the anticipated timing or at all, our business, financial condition and operating results may be adversely affected. Our future results will suffer if we do not effectively manage our expanded operations. Following the Merger, the size and geographic footprint of the business of CSSE will increase. CSSE' s future success will depend, in part, upon its ability to manage this expanded business, which may pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. CSSE may also face increased scrutiny from governmental authorities as a result of the increase in the size of its business. There can be no assurances that CSSE will be successful or that it will realize the expected operating efficiencies, cost savings, revenue enhancements or other benefits currently anticipated from the Merger. The Merger may result in a loss of customers, distributors, suppliers, vendors, landlords, joint venture partners and other business partners and may result in the termination of existing contracts. Some of the customers, distributors, producers, suppliers, vendors, landlords, joint venture partners and other business partners of CSSE or Redbox may terminate or scale back their current or prospective business relationships with the combined company. If relationships with customers, distributors, suppliers, vendors, landlords, joint venture partners and other business partners are adversely affected by the Merger or any other reason, including without limitation if CSSE loses the benefits of any of the contracts of CSSE or Redbox, CSSE' s business and financial performance could suffer. Risks Relating to COVID- 19Our business, results of operations, and financial condition may be impacted by the evolution of the coronavirus (COVID- 19). The global spread of the coronavirus (COVID- 19) and the various attempts to contain it have created significant volatility, uncertainty and economic disruption. In response to government mandates, health care advisories, and employee and vendor concerns, we altered certain aspects of our operations during the pandemic, including implementing a work from home policy for all our employees~~. We have **received** ~~now re-opened our offices. Many employees are returning to our offices as we operate under~~ a **delisting notice from Nasdaq** ~~" hybrid " working environment, where office employees may have the flexibility to work remotely at least some of the time. It is possible, however, that Covid- related conditions worsen, including as result of the emergence of new strains of the virus~~, which **may diminish** ~~could force us to return to remote operations in whole or part. Although we believe we transitioned our~~ - **or eliminate** ~~operations to handle remote working conditions efficiently, requirements to implement remote working policies in the future could adversely impact our productivity and~~ - **an active trading market** ~~the internal controls over our operations. Although our operations have been returning to normal conditions, our business and results have been affected by COVID- 19 and our financial results and metrics may not be indicative of results~~ for ~~future periods. In addition to production delays experienced by our company and third- party producers, we also saw material decreases, for a time, in advertising expenditures as a result of general economic conditions. Although we continually seek to build and retain our user base through the introduction of new content and improved user experiences, user growth could slow or~~ **our common stock** ~~reverse as government and other restrictions are relaxed. Any resurgence of COVID- 19~~, including variants thereof, or an outbreak...... capital expenditures, cash dividend payments on our 9. 75 % Series A Cumulative Redeemable Perpetual Preferred Stock (" Series A Preferred Stock "), and ~~cash interest payments on our~~ outstanding publicly traded notes (" Notes ") **. In March 2024** , ~~credit facilities, and~~ **we received a notification from** ~~other~~ -- **the** ~~debt obligations~~ **NASDAQ Capital Market indicating that we have failed to comply with certain continued listing standards. Specifically** , **we do not meet the minimum bid price requirement and the minimum stockholders' equity threshold as prescribed by NASDAQ rules. This non- compliance presents several material risks to our company and our shareholders. We have appealed the delisting, but** there can be no ~~assurance~~ **certainty** that **we will be successful. The appeals process will require us to put forth a definitive plan to regain and maintain compliance. If** our **appeal is not successful, our common stock, Series A preferred stock and Notes will be delisted, which would likely lead to reduced liquidity for our securities, limiting investors' ability to buy and sell such securities. This could also result in decreased visibility in the market and a reduction in the value of our securities. Failure to maintain our Nasdaq listing would make it more difficult and more expensive for us to raise capital, which would materially adversely affect our business and operations. We have significant indebtedness and other financial obligations that we have been unable to service as required, which has materially adversely affected CSSE, its operations and financial condition. As of December 31, 2023, we had aggregate gross indebtedness of $ 562. 4 million, including obligations under the HPS Credit Facility, MUFG Union Bank (formerly known as Union Bank) film financing facility, our outstanding publicly traded 9. 50 % notes (Nasdaq Symbol: CSSEN) and our capital leases. Our operations have not generated sufficient** cash flow **to cover such debt service obligations, and we require significant capital resource, which to date, we have been unable to obtain. Although we have been in negotiations with certain third parties for the provision of capital through specific financing transactions, these proposed transactions have not been consummated and may not be consummated at all or on terms that allow us to be in a position to functionally service all of our obligations as and when they are due. As a result, we may be required to seek protraction under applicable bankruptcy laws. We have not been able to generate surplus as required under Delaware law to service our monthly dividend under our Series A preferred stock and have currently ceased declaration and paying of such dividend. Our cash flows** from operations **, and resulting surplus / deficit metrics, have prevented us from legally declaring monthly dividends under our Series A preferred stock. In the event we fail to declare and pay such dividends for 18 consecutive months, the certificate of designations rights and preferences governing the Series A preferred stock provides certain remedies for holders, including, but not limited to the right to appoint at least two directors to our board of directors. Our inability to pay these dividends has likely hurt our reputation and market confidence in our company and has materially diminished the market price and desirability of our or Series A preferred stock. We may not be able to resume this dividend in the near future or at all.**

11Risks Relating to COVID- 19Our business, results of operations, and financial condition may be impacted by the evolution of the coronavirus (COVID- 19). The global spread of the coronavirus (COVID- 19) and the various attempts to contain it have created significant volatility, uncertainty and economic disruption. In response to government mandates, health care advisories, and employee and vendor concerns, we altered certain aspects of our operations during the pandemic, including implementing a work from home policy for all our employees. We have now re- opened our offices. Many employees are returning to our offices as we operate under a " hybrid " working environment, where office employees may have the flexibility to work remotely at least some of the time. It is possible, however, that Covid-related conditions worsen, including as result of the emergence of new strains of the virus, which could force us to return to remote operations in whole or part. Although we believe we transitioned our operations to handle remote working conditions efficiently, requirements to implement remote working policies in the future could adversely impact our productivity and the internal controls over our operations. Although our operations have been returning to normal conditions, our business and results have been affected by COVID- 19 and our financial results and metrics may not be indicative of results for future periods. In addition to production delays experienced by our company and third- party producers, we also saw material decreases, for a time, in advertising expenditures as a result of general economic conditions. Although we continually seek to build and retain our user base through the introduction of new content and improved user experiences, user growth could slow or reverse as government and other restrictions are relaxed. Any resurgence of COVID- 19, including variants thereof, or an outbreak of other highly contagious viruses, could disrupt our business in material ways, including disruptions similar to those experienced during the pandemic as well as additional disruptions. During the pandemic, from time to time, the production of our content by our company and third- party producers was halted or slowed, limiting our ability to introduce new content as previously scheduled. To the extent any future economic disruption resulting from COVID- 19 or similar pandemics is severe, we could see some vendors go out of business, resulting in supply constraints and increased costs or delays to our productions. Such production pauses may cause us temporarily to have less new content available on our services in subsequent quarters, which could negatively impact consumer demand for and user retention to our services. Temporary production pauses or permanent shutdowns in production could result in content asset impairments or other charges and will **change the timing and amount of cash outflows associated with production activity. The full extent to which any future or continued outbreaks of COVID- 19 or other viruses impact our business, operations and financial results will depend on numerous factors that we may not** be ~~sufficient~~ **able** to **accurately predict, including: the duration and scope of the pandemic; governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic; the availability and cost to access the capital markets; the effect on our customers and customer demand for our** ~~service~~ **services ; disruptions** ~~our -~~ ~~in response to the pandemic;the availability and cost to access the capital markets;the effect on our customers and customer demand for our services;disruptions~~ or restrictions on our employees' ability to work and travel;our ability to hire and retain qualified personnel as a result of increased competition for such personnel;our ability to access resources,including technology related resources needed for maintenance,modification,and improvement of our platforms,in the face of supply scarcity and supply pipeline delays;interruptions or restrictions related to the provision of streaming services over the internet,including impacts on content delivery networks and streaming quality;and any stoppages,disruptions or increased costs associated with our development,production,post- production,marketing and distribution of original programming.Risks Relating to Our BusinessWe have incurred operating losses in the past,may incur operating losses in the future,and may never achieve or maintain profitability.As of December 31, **2023 and** 2022 ~~and 2021~~ ,we had ~~a~~ **an accumulated** deficit of approximately $ (~~247~~ **884** . ~~8~~ **3**) million and $ (~~136~~ **247** . ~~5~~ **8**) million,respectively,and for the years ended December 31, **2023 and** 2022 ~~and 2021~~ ,we had a net loss of approximately $ (~~111~~ **636** . ~~3~~ **6**) million and $ (~~59~~ **111** . ~~4~~ **3**) million,respectively.We expect our operating expenses to increase in the future as we continue to expand our operations.If our revenue and gross profit do not grow at a greater rate than our operating expenses,we will not be ~~able~~ **12able** to achieve and maintain profitability. ~~Although~~ **Currently,** we ~~believe we~~ **do not** have adequate sources of liquidity to meet our anticipated requirements for working capital,capital expenditures,cash **dividend payments on our 9.75 % Series A preferred stock,and cash interest payments on our outstanding Notes,credit facilities,and other** debt ~~, which~~ **obligations.** may require us to borrow additional funds for that purpose, restructure or otherwise refinance our debt. **The inability to obtain** ~~Additionally~~ -- **additional financing resources** , ~~we may encounter unforeseen~~ **will likely require us to diminish or halt** ~~operating~~ **operations and seek protection under applicable bankruptcy laws. We have not realized the advantages we expect from** ~~or~~ **our acquisitions** ~~legal expenses, difficulties, complications, delays and other factors that may result in losses in future periods~~ . **Part of** ~~If our expenses exceed our revenue, we may never achieve or~~ **our** ~~maintain profitability and some or all~~ **growth strategy has been the acquisition of scalable** ~~aspects~~ - **assets** ~~of~~ **to build** our business **. Our relatively recent acquisitions of Redbox, 1091 Pictures, Crackle, and the assets of Sonar, required time- consuming and costly integration efforts. To date, these efforts have not been successful as we have not realized the anticipated benefits of such acquisitions and our** operations **have been adversely effected** ~~may need to be modified or curtailed~~ . We **believe in. the value of these assets but would require additional capital resources to fully realize their value, and we** may not be able to **secure** ~~generate sufficient cash to service our debt and other obligations. Our ability to make payments on our debt, including our cash dividend payments on our Series A Preferred Stock, and interest payments on our outstanding Notes, our credit facilities, and our other debt obligations, will depend on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may be unable to attain a level of cash flows from operating activities sufficient to permit us to pay all of our obligations as and when due. If we are unable to service our debt and other obligations from cash flows, we may need to refinance or restructure all or a portion of~~ such ~~obligations prior to maturity, utilize our ability to PIK the interest related to our HPS debt facilities, and / or defer dividend payments on our preferred stock. Our ability to refinance or~~

~~restructure our debt and other obligations will depend upon the condition of the~~ capital **resources** ~~markets and our financial condition at such time. Any refinancing or restructuring could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. If our cash flows are insufficient to service our debt and other obligations after utilizing the interest and dividend payment deferral tools available to us, we may not be able to refinance or restructure any of these obligations~~ on commercially reasonable terms or at all ~~and any refinancing or restructuring could have a material adverse effect on our business, results of operations, or financial condition. If our cash flows are insufficient to fund our debt and other obligations, and we are unable to refinance or restructure these obligations, we may be forced to reduce or delay investments or to sell material assets or operations to meet our debt and other obligations. We cannot assure you that we would be able to implement any of these alternative measures on satisfactory terms or at all or that the proceeds from such alternatives would be adequate to meet any debt or other obligations then due. If it becomes necessary to implement any of these alternative measures, our business, results of operations, or financial condition could be materially and adversely affected. We may not realize the advantages we expect from our acquisitions. Part of our growth strategy has been and will continue to be the acquisition of scalable assets to build our business. Our relatively recent acquisitions of Redbox, 1091 Pictures, Crackle, and the assets of Sonar, require time- consuming and costly integration efforts. We may not be successful in the efficient integration of assets into our operations as we acquire 14them, and may not realize the anticipated benefits of such acquisitions. As we grow as a result of acquisitions, we will need to hire additional qualified personnel and may need to secure additional debt or equity financing to fund all or a portion of the cost of acquisitions or the post- closing integration and operation of these assets. The incurrence of additional debt or issuance of additional equity would result in additional leverage of our company and dilution of ownership interests therein. Our operating results may fluctuate from period to period due to the costs and expenses of acquiring and managing our acquisitions~~ . We are subject to numerous other risks associated with acquisitions, business combinations, or joint ventures. As part of our growth strategy, we regularly engage in discussions with respect to possible acquisitions, sale of assets, business combinations, and joint ventures intended to complement or expand our business, some of which may be significant transactions for us. Regardless of whether we consummate any such transaction, the negotiation of a potential transaction could require us to incur significant costs and cause diversion of management' s time and resources. Integrating any business that we acquire may be distracting to our management and disruptive to our business and may result in significant costs to us. We could face several challenges in the consolidation and integration of information technology, accounting systems, personnel and operations. Any such transaction could also result in impairment of goodwill and other intangibles, development write- offs and other related expenses. Any of the foregoing could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. If our efforts to attract and retain **new** consumers are not successful, our business ~~may~~ **will continue to** be adversely affected. Our success depends in part on attracting consumers, retaining them on our VOD services and physical rental business, and ultimately monetizing our VOD services and content offerings. As such, we are seeking to expand our consumer base and increase the number of hours that are streamed across our platforms, increase the number of rentals, expand our kiosk servicing business to create additional revenue opportunities. To attract and retain consumers, we need to be able to respond efficiently to changes in their tastes and preferences and to offer them access to the content they enjoy on terms that they accept. **Our financial condition, however, has negatively affected our ability to provide our audiences with new content, which has hampered our operations. Similarly,** ~~Effective~~ **effective** monetization ~~may require~~ **requires** us to continue to update the features and functionality of our VOD offerings for consumers, content providers, DVD suppliers, and advertisers ~~. Our ability to attract consumers will depend in part on our ability to effectively market our services and physical rental business offering~~ , ~~as well as provide a quality experience for selecting~~ and ~~viewing TV series and movies. Furthermore, the relative service levels, content and DVD offerings, pricing and related features of competitors as compared to our services will determine our ability to attract and retain consumers. Competitors include other streaming entertainment providers, including those~~ **these efforts have been** ~~that provide AVOD, TVOD and SVOD offerings, and other direct- to- consumer video distributors and more broadly other sources of entertainment that our viewers could choose in their moments of free time. If consumers do not perceive our service and physical rental business offerings to be of value, including if we introduce new or adjust existing features or service offerings, or change the mix of content in a manner that is not favorably received by them, we may not be able to attract and retain consumers. In addition, many of our consumers originate from word- of- mouth advertising from our consumer base. If we do not grow as expected, we may not be able to adjust our expenditures or increase our revenues commensurate with the lowered growth rate such that our margins, liquidity and results of operation may be adversely impacted. If we are unable to successfully compete with current and new competitors in both retaining our existing consumer base and attracting new consumers, our business may be~~ adversely affected **by our limited financial resources** . Changes in competitive offerings for entertainment video could adversely impact our business. The market for entertainment video is subject to rapid change. Through new and existing distribution channels, consumers have increasing options to access entertainment video. The various economic models underlying these channels include subscription, transactional, physical rental, and ad- supported models. All of these have the potential to capture meaningful segments of the entertainment video market. Traditional providers of entertainment video, including broadcasters and cable network operators, as well as internet- based e- commerce or entertainment video providers are increasing their streaming video offerings. Several of these competitors have long operating histories, large customer bases, strong brand recognition, exclusive rights to certain content and significant financial, marketing and other resources. Competitors may secure better terms from content suppliers and devote more resources to product development, technology, infrastructure, content acquisitions and marketing. New entrants may enter the market or existing providers may adjust their services with unique offerings or approaches to providing entertainment video. Our competitors also may enter into business combinations or alliances that strengthen their competitive positions. If we are unable to successfully or profitably compete ~~15with~~ **13with** current and new competitors, our business may be adversely affected, and we may not be able to increase or maintain market share, revenues or profitability. Our long- term results ~~of operations are difficult to predict and~~ depend on **numerous operating factors including** the results of our physical rental business, **which has not improved following** the **Merger** ~~commercial success of our VOD platforms~~ as **anticipated** ~~well as successful monetization of our video content in other ways and the continued strength of the Chicken Soup for the Soul Brand~~. Home entertainment is a rapidly evolving industry, making our business and prospects difficult to evaluate. The growth and profitability of this industry and the level of demand and market acceptance for our physical rental business, VOD platforms and content offerings are subject to a high degree of uncertainty. The success of our physical rental business depends in large part on our ability to obtain adequate content from movie studios, maintain contractual relationships with our retail partners in strategic, high- traffic locations, and effectively respond to ongoing cost- and pricing- related pressures. Cancellation, non- renewal, adverse renegotiation of or other changes to these relationships could seriously harm our business, reputation, financial condition and results of operations. We face ongoing pricing pressure from our retail partners to increase the service fees we pay to them on our products and services or to make other financial concessions to win or retain their business. If we are unable to respond effectively to ongoing pricing- related pressures, we may fail to win or retain certain accounts **. To date, we have not experienced improvements in our physical rental business as anticipated prior to the Merger, which has materially harmed our operations and financial performance, which in turn, has limited available capital resources for our other operations. Absent our ability to secure additional capital resources and to reconfigure our operations in a manner sufficient to service our outstanding obligations and operating requirements, we may need to curtail some or all of our operations and may need to seek relief under applicable bankruptcy laws** . We believe that the continued growth of streaming as an entertainment alternative will depend on the availability and growth of cost- effective broadband internet access, the quality of broadband content delivery, the quality and reliability of new devices and technology, the cost for viewers relative to other sources of content, as well as the quality and breadth of content that is delivered across streaming platforms. These technologies, products and content offerings continue to emerge and evolve. In addition, many advertisers continue to devote a substantial portion of their advertising budgets to traditional advertising, such as linear TV, radio and print. The future growth of our business depends on the growth of digital advertising, and on advertisers increasing their spend on such advertising. We cannot be certain that they will do so. If advertisers do not perceive meaningful benefits of digital advertising, the market may develop more slowly than we expect, which could adversely impact our operating results and our ability to grow our business. In addition, monetization of content that we produce and acquire from sources other than our AVOD network is an essential element of our strategy. Our ability in the long- term to obtain sponsorships, licensing arrangements, co- productions and tax credits and to distribute our original programming and acquired video content will depend, in part, upon the commercial success of the content that we initially produce and distribute and, in part, on the continued strength of the Chicken Soup for the Soul brand (the " Brand "). We cannot ensure that we will produce, acquire, and distribute successful content. The continued strength of the Brand will be affected in large part by the operations of our parent company, Chicken Soup for the Soul, LLC (" CSS "), the owner of the Brand, and its other business operations, none of which we control. CSS utilizes the Brand through its other subsidiaries for various commercial purposes, including the sale of books (including educational curriculum products), pet foods and other consumer products. Negative publicity relating to CSS or its other subsidiaries or the brand, or any diminution in the perception of the Brand could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. We cannot assure you that we will manage the production and distribution of all of our video content successfully, that all or any portion of our video content will be met with critical acclaim or will be embraced by audiences on a one- time or repeated basis, or that the strength of the Brand will not diminish over time. We may not be successful in our efforts to further monetize our VOD services. ~~We are expanding~~ **To be successful,** our operations and ~~scaling our TVOD streaming service~~ **services need to be scaled** to effectively and reliably handle ~~anticipated~~ growth in transactions, users **,** and features. **Since inception** ~~As this offering evolves~~ , we ~~are developing~~ **have developed** technology ~~,~~ and **managed** ~~are managing and adjusting~~ our business to address varied content offerings, industry best practices related to e- commerce and streaming video, as well as evolving legal and regulatory environments. While we ~~have~~ **historically** experienced ~~, and expect to continue to experience,~~ growth in our TVOD service, ~~we may expand the service in a manner that is not well received by consumers or the marketplace. Additionally,~~ this ~~expansion has placed,~~ **growth was hampered following COVID- 19** and **the consummation of** ~~may continue to place, significant demands on~~ our ~~operational~~ **Merger** , ~~financial~~ and **the resulting diminishment in cash flow** ~~administrative infrastructure and our management. In pursuing this expansion strategy, we expect to incur significant operating~~ and capital ~~expenditures~~ **resources available for our operations** . It is possible that we will not be able to **continue to** grow our revenues ~~through this strategy~~ , or if growth is ~~achieved~~ **resumed** , that it will be maintained for any significant period, or at all. ~~Our~~ **14Our** AVOD platforms generate revenue primarily from digital advertising and audience development campaigns that run across our streaming platform and from content distribution services. Our ability to deliver more relevant advertisements to our viewers and to increase our platform' s value to advertisers and content publishers depends on the collection of user ~~16engagement~~ -- **engagement** data, which may be restricted or prevented by a number of factors. Viewers may decide to opt out or restrict our ability to collect personal viewing data or to provide them with more relevant advertisements. While we have experienced, and expect to continue to experience, growth in our revenue from advertising, our efforts to monetize our streaming platform through the distribution of AVOD content are still developing and our advertising revenue may not grow as we expect. Accordingly, there can be no assurance that we will be successful in monetizing our streaming platform through the distribution of ad- supported content. In addition, with the recent spread of the coronavirus throughout the United States and the rest of the world, companies' advertising plans and amounts available for advertising may be significantly restricted or discontinued which could also impact our ability to monetize our AVOD platform. Our reliance on third parties for content, production and distribution could limit our control over the quality of the finished video content. We currently have limited production capabilities and rely on relationships with third parties for much of these capabilities. Working with third parties is an integral part of our strategy to produce video content on a cost- efficient basis, and our reliance on such third parties could lessen the control we have over the projects. Should the third- party producers we rely upon not produce completed projects to the standards we expect and desire, critical and audience acceptance of such projects could suffer, which could have an adverse effect on our ability to produce and distribute future projects. In particular, due to the global spread of COVID- 19, and in response to government mandates and healthcare advisories, we experienced delays in new content delivery as certain of our vendors and partners halted or diminished their operations. Further, during any continuation of the COVID- 19 pandemic or after it fully subsides, we cannot be assured of entering into favorable agreements with third- party content producers on economically favorable terms or on terms that provide us with satisfactory intellectual property rights in the completed projects. **Additionally, during 2023 and into 2024, our limited capital resources have materially adversely affected our relationships with third party content providers which, in turn, has harmed our business operations and financial performance. We may not be able to remedy our third- party relationships as required going forward.** There are risks related to our DVD kiosk rental business that **have, and** may **continue, to** negatively impact our business. We have invested ~~, and plan to continue to invest,~~ to maintain our infrastructure of Redbox kiosks in the United States. Optimizing our physical Redbox business ~~will depend~~ **depends** substantially upon growth or minimizing decline in same store sales **. To date, we have not been successful in preventing a downtrend in available Redbox locations** . In addition, the home video distribution market is rapidly evolving as newer technologies and distribution channels compete for market share, and we have experienced a secular decline in the physical rental market. As this evolution continues, our DVD business and related operating results and financial condition will **continue to** be adversely affected, and secular declines may accelerate. ~~Some additional risks that could negatively impact our results include: ● increased availability of digital movie content and changes in consumer content delivery and viewing options and preferences, including increased use of online streaming, availability of content on portable devices, VOD, SVOD, AVOD and time- and place- shifting technologies; ● increased competition in the advertising video- on- demand segment including alternative or non- traditional forms of content, user generated content type offerings such as YouTube, free TV style offerings (including on- demand options such as Crackle), proprietary Apps and Channels provided and populated by traditional TV and theatrical content owners (Disney , Peacock and similar channels); ● increased availability and quality of original programming and similar episodic content, and exclusive arrangements with programmers, such as HBO, Showtime, Amazon and Netflix. ● Decreased costs for consumers to purchase or receive movie content, including less expensive DVDs, more aggressive competitor pricing strategies and piracy; ● windowing of titles and DVDs may change without notice by the studios, DVDs may be released closer to alternative types of content distribution or after alternative methods of content distribution which may impact performance; ● increased operational costs; and ● supply chain delays for inventory and parts including physical discs, and kiosk parts.~~ As a result, ~~while we believe that DVD rentals will rebound in the near term due to an increase in the quantity, quality, and cadence of theatrical releases, after such rebound, we believe that~~ our ~~DVD~~ business **has been materially** ~~results could decline over time. Further, any additional adverse~~ **adversely** ~~developments relating to any of these risks, as well as others 17relating to our participation in the home video industry, could significantly affect~~ **affected** ~~our business, financial condition, and operating results~~ . If we are unable to grow the client base of our third- party kiosk service business, our services line of business may be at risk. We currently leverage our large and remote Redbox kiosk field workforce to provide services to our third- party kiosk owners. Our ability to engage and retain this workforce is necessary to merchandise and service our Redbox kiosks, meet the demands of our retail partners and users, and deliver service for our service business accounts. If we cannot continue to retain this workforce at adequate levels, our costs may rise, our service line of business may not meet committed service levels and our customers and retail partners may be dissatisfied. If the network of ~~kiosk~~ **kiosks** we service declines (including our own Redbox network of ~~kiosk~~ **kiosks**) or if we are unable to maintain key accounts (ecoATM and Amazon Locker being our largest clients) or obtain new clients, we may not be able to continue this line of business and obtain expected benefits and our business may be adversely affected. If we do not manage the content and availability of our DVD library effectively, our business, financial condition and results of operations could be materially and adversely affected. A critical element of our Redbox business model is optimizing our library of DVD titles, formats, and copy depth to achieve satisfactory availability rates to meet consumer demand while also maximizing margins. If we do not acquire sufficient DVD titles, we may not appropriately satisfy consumer demand, which could decrease consumer satisfaction ~~and~~ **15and** we could lose consumers to competitors. Conversely, if we attempt to mitigate this risk and acquire a larger number of copies to achieve higher availability rates for select titles or a wider range of titles, our library utilization would become less efficient and our margins for the Redbox business would be adversely affected. Our ability to accurately predict consumer demand as well as market factors, such as our ability to obtain satisfactory distribution arrangements, may impact our ability to acquire appropriate quantities of certain DVD titles in a timely manner. In addition, if we are unable to obtain or maintain favorable terms from our suppliers with respect to such matters as timely movie access, copy depth, formats and product destruction, among others, or if the price of DVDs increases or decreases generally or for certain titles, our library may become unbalanced **,** and our margins may be adversely affected. Our business, financial condition and results of operations could be materially and adversely affected if certain agreements do not provide the expected benefits to us. For example, agreements may require us to license minimum quantities of theatrical and direct- to- video DVDs for rental at our kiosks. If the titles or format provided are not attractive to our consumers, we could be required to purchase too many copies of undesirable titles or an undesirable format, possibly in substantial amounts, which could adversely affect our Redbox business by decreasing consumer demand for offered DVD titles and consumer satisfaction with our services or negatively impact margins. If we are unable to comply with ~~,~~ or lack the necessary internal controls to ensure appropriate documentation and tracking of our content library, we may, among other things, violate certain of our studio licensing arrangements, be forced to pay a fee for unaccounted DVDs and be susceptible to risks of theft and misuse of property, any of which may negatively affect our margins in the Redbox business. Any of these developments could have a material adverse effect on our business, financial condition and results of operations. Our failure to meet consumer expectations with respect to pricing our products and services may adversely affect our business and results of operations. Demand for our products and services may be sensitive to pricing changes. We evaluate and update our pricing strategies from time to time, and changes we institute may have a significant impact on, among other things, our revenue and net income. In the future, fee increases or pricing changes may deter consumers from using our kiosks or reduce the frequency of their usage. The long- term and fixed cost nature of our original or exclusive content distribution rights may limit our operating flexibility and could adversely affect our liquidity and results of operations. In connection with our exclusive licensing of content, we typically enter into multi- year commitments with studios and other content providers. We also enter into multi- year commitments for content that we have exclusive distribution rights to, either directly or through third parties, including elements associated with these productions such as non- cancelable commitments under talent agreements. ~~18Given~~ -- **Given** the multiple- year duration and largely fixed cost nature of some of our content commitments, if user acquisition and retention do not meet our expectations, or if we are unable to distribute and license such content to third parties, our margins may be adversely impacted. Payment terms for certain content commitments, such as content we have exclusive distribution rights to under the Screen Media or Redbox Entertainment brands, will typically require more up- front cash payments than other content licenses or arrangements whereby we do not provide minimum guarantees. To the extent user and / or revenue growth do not meet our expectations, our liquidity and results of operations could be adversely affected as a result of content commitments and payment requirements of certain agreements. In addition, the long- term and fixed cost nature of some of our content commitments may limit our flexibility in planning for ~~,~~ or reacting to changes in our business and the market segments in which we operate. If we license and / or produce content that is not favorably received by consumers or third- party distributors, acquisition and retention may be adversely impacted and given the fixed cost nature of our content commitments, we may not be able to adjust our content offering quickly and our results of operation may be adversely impacted. Further, there is significant competition for exclusive content, which may limit our ability to acquire a sufficient number of titles or may cause increases in prices that impact profitability of titles acquired. We may be unable to attract new partners, broaden current partner relationships, and penetrate new markets and distribution channels. To increase the optimal availability of our products and services, we may need to attract new partners, or broaden and maintain relationships with current partners, and develop operational efficiencies that make it feasible for us to penetrate lower density markets or new distribution channels. ~~If we are unable to do so,~~ **Our limited financial resources have hurt various industry relationships and as a result** our ~~future~~ business and financial performance ~~could~~ **have been, and. continue to** be **,** adversely affected. ~~The~~ **16The** termination, non-renewal or renegotiation on materially adverse terms of Redbox' s contracts or relationships with one or more of our significant retailers or studios could seriously harm its operations and our financial condition and results of operations. The success of our DVD business depends in large part on our ability to maintain contractual relationships with our partners in profitable locations. Certain contract provisions with our partners vary, including product and service offerings, the fees we are committed to pay, and the ability to cancel the contract upon notice after a certain period of time. For our DVD business we typically enter multi-year kiosk installation agreements that automatically renew until we, or the retailer, gives notice of termination. We strive to provide direct and indirect benefits to our partners that are superior to, or competitive with, other providers or systems or alternative uses of the floor space that our kiosks occupy. We prefer to have our kiosks placed at strategic, high- traffic locations within a partner location. If we are unable to provide them with adequate benefits, we may be unable to maintain or renew our contractual relationships on acceptable terms, causing our business, financial condition and results of operations to suffer. Additionally, to the extent a partner desires to periodically remodel its stores, and to use the space previously allocated to Redbox for different purposes (e. g., home pickup and delivery services), our business, financial condition and results of operations could suffer. **No** ~~Although no~~ individual retailer accounts for more than 10 % of our consolidated revenue ~~, Redbox does have retailers that account for a substantial amount of Redbox' s physical rental business. For example, Redbox has significant relationships with Wal- Mart Stores, Inc. and Walgreen Co. Although we have had, and expect to continue to have, a successful relationship with these partners, changes will continue to occur both in the short- and long- term, some of which could adversely affect our business and reputation. The Redbox relationship with Walmart is governed by contracts that provide either party the right to terminate the contracts in their entirety, or as to any store serviced by the contracts, with or without cause, on as little as 180 days' notice. If we are unable to renew a relationship with one of these or any retail partner at the end of their applicable term, and are unable to replace that relationship with an economically equivalent relationship, our business, operations and financial results could be materially adversely affected~~ . Redbox' s business also depends on our ability to obtain adequate content from movie studios. We have entered into licensing agreements with certain studios to provide delivery of their DVDs. **These movie studios have terminated our relationship due to our inability to pay their licenses fees and will need to be reinstated, when and if, the Company is able secure additional capital.** If we are unable to maintain or renew our current relationships to obtain movie content on acceptable terms, our business, financial condition and results of operations ~~may~~ **will continue to** suffer. If some or all of these agreements prove beneficial but are terminated early, we could be negatively impacted. Moreover, if we cannot maintain similar arrangements in the future with these or other studios or distributors, or these arrangements do not provide the expected benefits to us, our business could suffer. ~~19Payment~~ -- **Payment** of increased fees to retailers or other third- party service providers could negatively affect our business results. We face ongoing pricing pressure from our retailers to increase the service fees we pay to them on our products and services or to make other financial concessions to win or retain their business. If we are unable to respond effectively to ongoing pricing- related pressures, we may fail to win or retain certain accounts. Our fee arrangements are based on our evaluation of unique factors with each retailer, such as total revenue, long- term, non- cancelable contracts, installation of our kiosks in high- traffic, geographic locations and new product and service commitments. Together with other factors, an increase in service fees paid, or other financial concessions made to our retailers could significantly increase our direct operating expenses in future periods and harm our business. We are subject to payment processing risk. We accept payment for movie rentals through debit card, credit card and online wallet transactions.

We rely on internal systems as well as those of third parties to process payments. The Durbin amendment to the Dodd- Frank Wall Street Reform and Consumer Protection Act is unfavorable to us. We pay interchange and other fees, which have increased and may increase further over time. Further, because Redbox processes millions of small dollar amount transactions, and interchange fees represent a larger percentage of card processing costs compared to a typical retailer, we are relatively more susceptible to any fee increase. When interchange or other fees increase, it generally raises our operating costs and lowers our profit margins or requires that we charge our customers more for our products and services. To the extent there are increases in payment processing fees, material changes in the payment ecosystem, such as large re- issuances of payment cards, delays in receiving payments from payment processors, changes to rules or regulations concerning payments, loss of payment partners and / or disruptions or failures in our payment processing systems, partner systems or payment products, including products we use to update payment information our revenue, operating expenses and results of operation could be adversely impacted. In addition, from time to time, we encounter fraudulent use of payment methods, which could impact our results of operations and if not adequately controlled and managed could create negative consumer perceptions of our service. If we are unable to maintain our fraud and chargeback rate at acceptable levels, card networks may impose fines, our card approval rate may be impacted **,** and we may be subject to additional card authentication requirements. The termination of our ability to process payments on any major payment method would significantly impair our ability to operate our business. ~~We~~ **17We** depend upon third- party manufacturers, suppliers and service providers for key components and substantial support for our kiosks. We conduct limited manufacturing and refurbishment operations and depend on outside parties to manufacture key components of our kiosks. Third- party manufacturers may not be able to meet our manufacturing needs in a satisfactory and timely manner. If there is an unanticipated increase in our manufacturing needs which are not met in a timely and satisfactory manner, we may be unable to meet demand due to manufacturing limitations. Some key hardware components used in our kiosks are obtained from a limited number of suppliers. We may be unable to continue to obtain an adequate supply of these components from our suppliers in a timely manner or, if necessary, from alternative sources. If we are unable to obtain sufficient quantities of components from our current suppliers or locate alternative sources of supply in a timely manner, we may experience delays in installing or maintaining our kiosks, either of which could seriously harm our business, financial condition and results of operations. Redbox has faced global supply chain challenges with certain key hardware components used in our kiosks being delayed. These supply chain constraints have resulted in inflationary pressure on component costs, longer lead times, and increased freight costs caused, in part, by the COVID- 19 pandemic and the uncertain economic environment. In addition, current or future governmental policies may increase the risk of inflation, which could further increase the costs of components for our kiosks. If we are unable to mitigate the impact of supply chain constraints and inflationary pressure, our results of operations and financial condition could be negatively impacted. Our business can be adversely affected by severe weather, natural disasters and other events beyond our control, such as earthquakes, fires, power failures, telecommunication loss, impacts from climate change and terrorist attacks. Our assets are located in areas that may be subject to natural disasters, such as earthquakes, and extreme weather conditions, including, but not limited to, hurricanes, floods, tornados, wildfires, and winter storms. These assets may be vulnerable to natural disasters, including those exacerbated by the effects of climate change, telecommunications failures, and similar events. Such natural disasters, extreme weather conditions, or other events beyond our control may ~~20damage~~ -- **damage** our kiosks and negatively impact our digital business and can, for extended periods of time, significantly reduce consumer use of our products and services as well as interrupt the ability of our employees and third- party providers to operate and service our legacy and digital businesses. We are also exposed to various risks arising out of man- made disasters, including acts of terrorism and ongoing military actions, the continued threat of which could cause significant volatility in financial markets, or otherwise trigger economic downturns. A catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could harm our ability to conduct normal business operations and our operating results. Material operating issues arising from such events **could** also ~~could~~ harm our company brand or reputation, which may impact our ability to acquire and retain users, as well as scale and sell advertising to brand and advertising partners. Such losses may not be fully covered by insurance. We do not currently expect that compliance with government laws and regulations concerning the environment and those designated to address climate risk will have a material effect upon its capital expenditures, cash flow, financial condition, earnings and competitive position. An integral part of our strategy is to initially minimize our production, content acquisition and distribution costs by utilizing funding sources provided by others, however, such sources may not be readily available. The production, acquisition and distribution of video content can require a significant amount of capital. As part of our strategy, we seek to fund the production, content acquisition, and distribution of our video content through co- productions, tax credits, film acquisition advances, upfront fees from sponsors, licensors, broadcasters, cable and satellite outlets and other producers and distributors, as well as through other initiatives. Such funding from the aforementioned sources or other sources may not be available on attractive terms or at all, as and when we need such funding. To the extent we are not able to secure agreements of this sort, we may need to curtail the amount of video content being produced or acquired by us or use our operating or other funds to pay for such video content, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. Due to the effect of the coronavirus, sponsors may not have the interest or ability to enter into and invest in co- production agreements on terms that are attractive to us or at all. ~~As~~ **18As** we grow, we may seek to fund and produce more of our video content directly, subjecting us to significant additional risks. Our current strategy of funding the production, acquisition, and distribution of our video content through the payment of upfront fees by third parties may limit the backend return to us. If we should determine to use our own funds to produce, acquire, and distribute more of our video content in order to capture greater backend returns, we would face significant additional risks, such as the need to internally advance funds ahead of revenue generation and cost recoupment and the need to divert some of our resources and efforts away from other operations. In order to reduce these risks, we may determine to raise additional equity or incur additional indebtedness. In such event, our stockholders and our company will be subjected to the risks associated with issuing more equity or increasing our debt obligations. If studios, content providers or other rights holders are unable or refuse to license content or other rights upon terms acceptable to us, our business could be adversely affected. Our ability to provide content depends on studios, content providers and other rights holders licensing rights to distribute such content and certain related elements thereof, such as the public performance of music contained within the content we distribute. If studios, content providers and other rights holders are not or are no longer willing or able to license us content upon terms acceptable to us, our ability to provide content will be adversely affected and / or our costs could increase. Increasingly, studios and other content providers have been developing their own streaming services, and may be unwilling to provide us with access to certain content so that they can give exclusive access to their own streaming services. Under a limited number of our license agreements, content owners can withdraw content from us relatively quickly and with short notice. If we do not maintain content that our viewers are interested in, our viewership may decrease and our business could be adversely affected. Certain conflicts of interest may arise between us and our affiliated companies and we have waived certain rights with respect thereto. Our certificate of incorporation includes a provision stating that we renounce any interest or expectancy in any business opportunities that are presented to us or our officers, directors or stockholders or affiliates thereof, except as may be set forth in any written agreement between us and any of the CSS Companies (such as the CSS License Agreement under which CSS has agreed that all video content operations shall be conducted only through our company). This provision also ~~21states~~ -- **states** that, to the fullest extent permitted by Delaware law, our officers, directors and employees shall not be liable to us or our stockholders for monetary damages for breach of any fiduciary duty by reason of any of our activities or any activities of any of the CSS Companies. As a result of these provisions, there may be conflicts of interest among us and our officers, directors, stockholders or their affiliates, including the CSS Companies, relating to business opportunities, and we have waived our right to monetary damages in the event of any such conflict. We are required to make continuing payments to our affiliates, which may reduce our cash flow and profits. In consideration for use of the Brand, and the provisions of key operational resources to our company, we are required to make significant payments to our affiliates as described under " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Management and License Fees Affiliate company " in this Form 10- K. Accordingly, in the aggregate, 10 % of our net revenue is paid to our affiliates on a continuous basis and will not be otherwise available to us. Beginning in August 2022, 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. As we grow our revenues, these payments could become materially more costly than building and acquiring the same resources directly within our company. Similarly, as we build our business and operations in areas outside of the Brand, the value received from licensing the Brand could diminish on absolute and relative terms **. 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 2, 025, 927 shares of Class A common stock to CSS under the modification as of December 31, 2023. 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 19price of $ 3. 05 per share. As of December 31, 2023, $ 6. 2 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 $ 6. 6 million of future management and license fees will be offset by the issuance of Class A common stock to CSS in the periods after December 31, 2023** . If a project we are producing incurs substantial budget overruns, we may have to seek additional financing from outside sources to complete production or fund the overrun ourselves. If a production we are funding incurs substantial budget overruns, we may have to seek additional financing from outside sources to complete production or fund the overrun ourselves. We cannot be certain that any required financing will be available to us on commercially reasonable terms or at all, or that we will be able to recoup the costs of overruns. Increased costs incurred with respect to a project may result in the production not being ready for release at the intended time, which could cause a decline in the commercial performance of the project. Budget overruns could also prevent a project from being completed or released at all and adversely affect our operating results. Our operating results may fluctuate. Our operating results are dependent, in part, on management' s estimates of revenue to be earned over the life of a project. We will regularly review and revise our revenue estimates. This review may result in a change in the rate of amortization and / or a write- down of the video content asset to its estimated realizable value. Results of operations in future years depend upon our amortization of our video content costs. Periodic adjustments in amortization rates may significantly affect these results. Further, as many of our third- party relationships will be on a project- by- project basis, the profits, if any, generated from various projects will fluctuate based on the terms of the agreements between us and our third-party producers and distributors. Variations in our quarterly and year- end operating results are difficult to predict and our income and cash flows may fluctuate significantly from period to period, which may impact our board of directors' willingness or legal ability to declare and pay the dividends on our preferred stock. Specific factors that may cause fluctuations in our operating results include: ● demand and pricing for our products and services; ● introduction of competing products; ● our operating expenses which fluctuate due to growth of our business; ● timing and popularity of new video content offerings and changes in viewing habits or the emergence of new content distribution ~~platforms;~~ ● variable sales cycle and implementation periods for content and services; and ● the continuing effects of the COVID- 19 pandemic and governmental responses thereto. As a result of the foregoing and other factors, our results of operations may fluctuate significantly from period to period, and the results of any one period may not be indicative of the results for any future period. Distributors' failure to promote our video content could adversely affect our revenue and could adversely affect our business results. ~~22We~~ **We** will not always control the timing and way in which the distributors to which we license our content will distribute our video content offerings. However, their decisions regarding the timing of release and promotional support are important in determining our success. Any decision by those distributors not to distribute or promote our video content or to promote our competitors' video content to a greater extent than they promote our content could adversely affect our business, financial condition, operating results, liquidity and prospects. ~~We~~ **20We** are smaller and less diversified than many of our competitors. Some of the AVOD and TVOD services, and many of the producers and studios, with which we compete are part of large diversified corporate groups with a variety of other operations, including television networks, cable channels and other diversified companies, such as Amazon or Apple, which can provide both the means of distributing their products, content flow, and stable sources of earnings that may allow them to better offset fluctuations in the financial performance of their operations. In addition, the major studios have more resources with which to compete for ideas, storylines and scripts created by third parties as well as for actors, and other personnel required for production. The resources of the major producers and studios may also give them an advantage in acquiring other businesses or assets, including video content libraries, that we might also be interested in acquiring. We face risks from doing business internationally. We intend to increase the distribution of our video content outside the U. S. and thereby derive significant revenue in foreign jurisdictions. As a result, our business is subject to certain risks inherent in international business, many of which are beyond our control. These risks include: ● **approximately 43 % of our accounts receivable is attributable to international customers; ●** laws and policies affecting trade, investment and taxes, including laws and policies relating to the repatriation of funds and withholding taxes, and changes in these laws; ● the Foreign Corrupt Practices Act and similar laws regulating interactions and dealings with foreign government officials; ● changes in local regulatory requirements, including restrictions on video content; ● differing and more stringent user protection, data protection, privacy and other laws; ● differing degrees of protection for intellectual property; ● financial instability and increased market concentration of buyers in foreign television markets; ● the instability of foreign economies and governments; ● fluctuating currencies and foreign exchange rates; ● the spread of communicable diseases, including COVID- 19, in such jurisdictions, and government responses to contain the spread of such diseases, including border closures, stay- at- home orders and quarantines, which may impact business in such jurisdictions; and ● war and acts of terrorism. Events or developments related to these and other risks associated with international trade could adversely affect our revenue from non- U. S. sources, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. The effects on our business of the war in Ukraine **or the military actions in Israel- Gaza** , or the direct military involvement of the United States in such ~~conflict~~ **conflicts** , or any similar conflicts anywhere in the world, and the ramifications of sanctions against Russia **or Israel** or other counties, are unknown and could be material. Our business could be materially affected by hostilities in other countries. Adverse effects could arise from reduced viewership in our international content offerings, disruptions in Internet availability, heightened risks of cyberattacks perpetrated by government actors, or slowdowns or halts in the production of content being created in other countries. The effects on our business of any specific conflicts, including the current war in Ukraine and any escalation of such war to neighboring countries, or the direct military involvement of the United States in such conflict, or any similar conflicts anywhere in the world, **including Israel or other areas of the Middle East,** cannot be predicted, but could be material and adverse. Direct US military involvement could heighten international and other risks we already face. Similarly **,** the ramifications of sanctions put in place by the United ~~23States~~ -- **States** against Russia **or Israel** or other counties on our business are ~~unknown~~ **21unknown** and could be material. Our business could be harmed by retaliatory sanctions or actions taken by a country in response to US sanctions, and significant as a result of numerous circumstances arising from same, including prohibitions on the dissemination of US- based video services in certain countries, military actions, cyber- attack initiatives, and other measures that cannot be predicted. Protecting and defending against intellectual property claims may have a material adverse effect on our business. Our ability to compete depends, in part, upon successful protection of our intellectual property relating to our video content, including our copyrighted content, and the protection of the Chicken Soup for the Soul brand. We protect proprietary and intellectual property rights to our productions through available copyright and trademark laws and licensing and distribution arrangements with reputable international companies in specific territories and media. Under the terms of the CSS License Agreement, CSS has the primary right to take actions to protect the Brand, and, if it does not, and we reasonably deem any infringement thereof is materially harmful to our business, we may elect to seek action to protect the Brand ourselves. Although in the former case, we would equitably share in any recovery, and in the latter case, we would retain the entirety of any recovery, should CSS determine not to prosecute infringement of the Brand, we could be materially harmed and could incur substantial cost in prosecuting an infringement of the Chicken Soup for the Soul brand. Others may assert intellectual property infringement claims against us. It is possible that others may claim from time to time that our productions and production techniques misappropriate or infringe the intellectual property rights of third parties with respect to their previously developed content, stories, characters and other entertainment or intellectual property. Additionally, although CSS is obligated to indemnify us for claims related to our use of the Chicken Soup for the Soul brand in accordance with the CSS License Agreement, we could face lawsuits with respect to claims relating thereto. Irrespective of the validity or the successful assertion of any such claims, we could incur significant costs and diversion of resources in defending against them, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. Our business involves risks of liability claims for video content, which could adversely affect our results of operations and financial condition. As a producer and distributor of video content, we may face potential liability for defamation, invasion of privacy, negligence 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 video 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. Piracy of video content may harm our business. Video content piracy is extensive in many parts of the world, including South America, Asia, and certain Eastern European countries, and is made easier by technological advances and the conversion of video content into digital formats. This trend facilitates the creation, transmission and sharing of high- quality unauthorized copies of video content on DVDs, Blu- ray discs, from pay- per- view through set- top boxes and other devices and through unlicensed broadcasts on free television and the internet. The proliferation of unauthorized copies of our video content could have an adverse effect on our business. Any significant disruption in our technology backbone or the computer and data systems of third parties that we utilize in our operations could result in a loss or degradation of service and could adversely impact our business. Our business involves 24- hour per day availability and delivery of video content. We utilize proprietary and third- party computer and data systems for the storage and delivery of our content, placement and delivery of our advertising inventory, and the creation of the user experience. Our reputation and ability to attract, retain and serve our viewers is dependent upon the reliable performance of these computer and data systems. These systems may be subject to damage or interruption from earthquakes, adverse weather conditions, other natural disasters, terrorist attacks, power loss, telecommunications failures, computer viruses, computer denial of service attacks or other attempts to harm these systems. Interruptions in these systems or to the internet in general, could make our content unavailable or impair our ability to deliver such content. ~~24Our~~ **22Our** online activities are subject to a variety of laws and regulations relating to privacy, which, if violated, could limit our ability to collect and use customer data and subject us to an increased risk of litigation and regulatory actions. In addition to our websites, we use third- party applications, websites, and social media platforms to promote our video content offerings and engage consumers, as well as monitor and collect certain information about consumers, which may include personally identifiable information and other data. There are a variety of laws and regulations governing individual privacy and the protection and use of information collected from such individuals, particularly in relation to an individual' s personally identifiable information, including the federal Video Privacy Protection Act. Laws relating to data privacy and security continue to proliferate, often with little harmonization between jurisdictions and limited guidance. A number of existing bills are pending in the U. S. Congress and other government bodies that contain provisions that would regulate, how companies can use cookies and other tracking technologies to collect, use and share user information. The United States is seeing the adoption of state- level laws governing individual privacy. This includes the California Consumer Protection Act, Massachusetts General Law 93H and regulations adopted thereunder, and the New York SHIELD Act. Many foreign countries and supranational organizations have adopted similar laws governing individual privacy, such as the EU' s General Data Protection Regulation (" GDPR "), some of which are more restrictive than similar United States laws. If our online activities or the activities of the third parties that we work with were to violate or were perceived to violate any applicable current or future laws and regulations that limit our ability to collect, transfer, and use data, we could be subject to litigation from both private rights of action, class action lawsuits, and regulatory actions, including fines and other penalties, as well as harm to our reputation and market position. Internationally, we may become subject to evolving, additional and / or more stringent legal obligations concerning our treatment of customer and other personal information, such as laws regarding data localization and / or restrictions on data export. Failure to comply with these obligations could subject us to liability and / or reputational damage, and to the extent that we need to alter our business model or practices to adapt to these obligations, we could incur additional expenses. If government regulations relating to the internet or other areas of our business change, we may need to alter the way we conduct our business or incur greater operating expenses. The adoption or modification of laws or regulations relating to the internet or other areas of our business could limit or otherwise adversely affect the way we currently conduct our business. In addition, the continued growth and development of the market for online commerce may lead to more stringent consumer protection laws, which may impose additional burdens on us such as the EU' s GDPR. If we are required to comply with new regulations or legislation or new interpretations of existing regulations or legislation, this compliance could cause us to incur additional expenses or alter our operations. If we experience rapid growth, we may not manage our growth effectively, execute our business plan as proposed or adequately address competitive challenges. We anticipate continuing to grow our business and operations rapidly. Our growth strategy includes organic initiatives and acquisitions. Such growth could place a significant strain on the management, administrative, operational and financial infrastructure we utilize, a portion of which is made available to us by our affiliates under the Management Agreement. Our long- term success will depend, in part, on our ability to manage this growth effectively, obtain the necessary support and resources under the CSS Management Agreement, and grow our own internal resources as required, including internal management and staff personnel. To manage the continued growth of our operations and personnel, we also will need to increase our internal operational, financial and management controls, and our reporting systems and procedures. Failure to effectively manage growth could result in difficulty or delays in producing our video content, declines in overall project quality and increases in costs. Any of these difficulties could adversely impact our business financial condition, operating results, liquidity and prospects. Our exclusive license to use the Chicken Soup for the Soul Brand could be terminated in certain circumstances. We do not own the Chicken Soup for the Soul Brand. The Brand is licensed to us by CSS under the terms of the CSS License Agreement. CSS controls the Brand, and the continued integrity and strength of the Chicken Soup for the Soul Brand will depend in large part on the efforts and businesses of CSS and how the Brand is used, promoted and protected by CSS, which will be outside of the immediate control of our company. Although the license granted to us under the CSS ~~License~~ **23License** Agreement is perpetual, it may be terminated by CSS upon the cessation of our business, our bankruptcy, liquidation, or insolvency, or if we fail to pay any sums due or otherwise fail to perform under the License Agreement within 30 days following delivery of a second written notice by CSS. ~~25We~~ **We** may not be able to realize the entire book value of goodwill and other intangible assets from our acquisitions. As of December 31, **2023 and** 2022 ~~and 2021~~ , we had net intangible assets of $ **35. 9 million and $** 305. 4 million **, respectively,** and **goodwill of** $ ~~30~~ **120** . ~~2~~ **5** million ~~, respectively,~~ and ~~goodwill of~~ $ 260. 7 million ~~and $ 40. 0 million for the years ended December 31, 2022 and 2021~~ , respectively, primarily related to the merger with Redbox, the formation of Crackle Plus, the acquisition of the Crackle assets, Sonar assets and other acquisitions. We assess goodwill and other intangible assets for impairment at least annually and more frequently if certain events or circumstances warrant. If the book value of goodwill or other intangible assets is impaired, any such impairment would be charged to earnings in the period of impairment. ~~If~~ **In third quarter of 2023** we ~~determine that~~ **recorded an impairment charge related certain intangibles and** goodwill ~~and~~ **of $ 380. 8 million principally related to**

~~other~~ -- **the** ~~intangible assets are impaired~~ **underperformance of Redbox. 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, ~~it~~ **which** could have a material adverse effect on our business, financial condition and results of operations. Claims against us relating to any acquisition or business combination may necessitate our seeking claims against the seller for which the seller may not indemnify us or that may exceed the seller' s indemnification obligations. There may be liabilities assumed in any acquisition or business combination that we did not discover or that we underestimated in the course of performing our due diligence. Although a seller generally may have indemnification obligations to us under an acquisition or merger agreement, these obligations usually will be subject to financial limitations, such as general deductibles and maximum recovery amounts, as well as time limitations. In certain circumstances we obtain representation and warranties insurance related to our acquisitions, but these too have limitations and conditions that could prevent recovery in certain circumstances. We cannot assure you that our right to indemnification from any seller will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the amount of any unknown or underestimated liabilities that we may incur. Any such liabilities, individually or in the aggregate, could have ~~a material adverse effect on our business, financial condition, operating results, liquidity and prospects. We may require and not be able to obtain additional funding and may be unable to raise such funding when needed, which could force us to delay, reduce, eliminate, or abandon growth initiatives. We intend to continue making investments to support the growth of our business, including organic growth and growth through acquisitions. Our ability to grow through acquisitions, business combinations and joint ventures, and our ability to fund our operating expenses after one or more acquisitions may depend upon our ability to obtain funds through equity financing, debt financing (including credit facilities), or the sale or syndication of some or all of our interests in certain projects or other assets or businesses. Our issuance of additional debt instruments or the sale of preferred stock could result in the imposition of operational limitations and other covenants and payment obligations (in addition to those we already have in place), any of which may be burdensome to us and may have a material adverse impact on our ability to implement our business plan as currently formulated. The sale of equity securities, including common or preferred stock, may result in dilution to the current stockholders' ownership and may be limited by the number of shares we have authorized and available for issuance. If we do not have access to financing arrangements, and if funds do not become available on terms acceptable to us, or at all, we may have to delay, reduce, eliminate, or abandon certain aspects of our business plan, including planned acquisitions. We may also have to reduce our licensing, marketing, customer support or other core business services. Such actions could result in~~ a material adverse effect on our business, financial condition, operating results, liquidity and prospects. Our success depends on our management and relationships with our affiliated companies. Our success depends to a significant extent on the performance of our management personnel and key employees, including production and creative personnel, made available to us through the CSS Management Agreement. The loss of the services of such persons or the resources supplied to us by our affiliated companies could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. ~~To be successful, we need to attract and retain qualified personnel. Our success will depend to a significant extent on our ability to identify, attract, hire, train and retain qualified professional, creative, technical and managerial personnel. Competition for the caliber of talent required to produce and distribute our video content continues to increase, and for certain personnel has become extremely difficult during the COVID- 19 pandemic. We cannot assure you that we will be successful in identifying, attracting, hiring, training and retaining such personnel in the future. If we were unable to hire, assimilate and retain qualified personnel in the future, such inability could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. 26Since~~ -- **Since** most of our content is digitally stored and distributed online, and we accept online payments for various subscription services, we face numerous cybersecurity risks. We utilize information technology systems, including third- party hosted servers and cloud- based servers, to host our digital content, as well as to keep business, financial, and corporate records, communicate internally and externally, and operate other critical functions. If any of our internal systems or the systems of our third- party providers are compromised due to computer virus, unauthorized access, malware, and the like, then sensitive documents could be exposed or deleted, and our ability to conduct business could be impaired. Cyber incidents can result from deliberate attacks or unintentional events. These incidents can include, but are not limited to, unauthorized access to our systems, computer viruses or other malicious code, denial of service attacks, malware, ransomware, phishing, SQL injection attacks, human error, or other events that result in security breaches or give rise to the manipulation or loss of sensitive information or assets. Cyber incidents can be caused by various persons or groups, including disgruntled employees and vendors, activists, organized crime groups, and state- sponsored and individual hackers. Cyber incidents can also be caused or aggravated by natural events, such as earthquakes, floods, fires, power loss, and telecommunications failures. ~~To~~ **24To** date, we have not experienced any material losses relating to cyber- attacks, computer viruses, or other systems failures. Although we have taken steps to protect the security of data maintained in our information systems, it is possible that our security measures will not be able to prevent the systems' improper functioning or the improper disclosure of personally identifiable information, such as in the event of cyber- attacks. In addition to operational and business consequences, if our cybersecurity is breached, we could be held liable to our customers or other parties in regulatory or other actions, and we may be exposed to reputation damages and loss of trust and business. This could result in costly investigations and litigation, civil or criminal penalties, fines, and negative publicity. Certain information relating to our customers, including personally identifiable information and credit card numbers, is collected and maintained by us, or by third parties that do business with us or facilitate our business activities. This information is maintained for a period of time for various business purposes, including maintaining records of customer preferences to enhance our customer service and for billing, marketing, and promotional purposes. We also maintain personally identifiable information about our employees. The integrity and protection of our customer, employee and our data is critical to our business. Our customers and our employees expect that we will adequately protect their personal information, and the regulations applicable to security and privacy are increasingly demanding. Privacy regulation is an evolving area and compliance with applicable privacy regulations may increase our operating costs or adversely impact our ability to service our customers and market our properties and services. The occurrence of natural or man- made disasters could result in declines in business that could adversely affect our financial condition, results of operations and cash flows. We are exposed to various risks arising out of natural disasters, including earthquakes, hurricanes, fires, floods, landslides, tornadoes, typhoons, tsunamis, hailstorms, explosions, climate events or weather patterns and pandemic health events (such as the recent pandemic spread of the novel corona virus known as COVID- 19 virus, duration and full effects of which are still uncertain), as well as man- made disasters, including acts of terrorism, military actions, cyber- terrorism, explosions and biological, chemical or radiological events. The continued threat of terrorism and ongoing military actions may cause significant volatility in global financial markets, and a natural or man- made disaster could trigger an economic downturn in the areas directly or indirectly affected by the disaster. These consequences could, among other things, result in a decline in business. Disasters also could disrupt public and private infrastructure, including communications and financial services, which could disrupt our normal business operations. A natural or man- made disaster also could disrupt the operations of our partners and counterparties or result in increased prices for the products and services they provide to us ~~. We are an " emerging growth company " under the JOBS until December 31, 2022 Act and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our securities less attractive to investors. We were an " emerging growth company " until December 31, 2022, as defined in the JOBS Act, and we take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not " emerging growth companies " including, but not limited to, not being required to comply with the auditor attestation requirements of section 404 of the Sarbanes- Oxley Act, reduced disclosure obligations regarding executive compensation 27in our periodic reports and proxy statements, and exemptions from the requirements of holding a non- binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our securities less attractive because we may rely on these exemptions. If some investors find our securities less attractive as a result, there may be a less active trading market for our Class A common stock, Series A Preferred Stock, and publicly traded notes and the trading price of such securities may be more volatile. In addition, Section 107 of the JOBS Act also provides that an " emerging growth company " can take advantage of the extended transition period provided in Section 7 (a) (2) (B) of the Securities Act for complying with new or revised accounting standards. In other words, an " emerging growth company " can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We take advantage of the extended transition period for complying with new or revised accounting standards. This may make comparison of our financial statements with another public company which is not an emerging growth company difficult or impossible because of the potential differences in accounting standards used~~ . Our certificate of incorporation provides, subject to limited exceptions, that the Court of Chancery of the State of Delaware is the sole and exclusive forum for certain stockholder litigation matters, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders. Our certificate of incorporation requires, to the fullest extent permitted by law, that derivative actions brought in our name, actions against directors, officers and employees for breach of fiduciary duty and other similar actions may be brought only in the Court of Chancery in the State of Delaware (or if the Court of Chancery does not have jurisdiction, another state court located within the State of Delaware, or if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware) and, if brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to the personal jurisdiction of the state and federal courts located within the State of Delaware and to service of process on such stockholder' s counsel. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in our certificate of incorporation. This choice of forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers or employees, which may discourage lawsuits with respect to such claims. We cannot be certain that a court will decide that this provision is either applicable or enforceable, and if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition. ~~Our~~ **25Our** certificate of incorporation provides that the exclusive forum provision is applicable to the fullest extent permitted by applicable law. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, we anticipate that the exclusive forum provision will not apply to suits brought to enforce any duty or liability created by the Exchange Act, the Securities Act or any other claim for which the federal courts have exclusive jurisdiction and the exclusive forum provision is not intended to waive our compliance with federal securities laws and the rules and regulations thereunder or bar claims properly brought thereunder. Risks Related to Our SecuritiesOur Common StockOur chairman and chief executive officer effectively controls our company. We have two classes of common stock — Class A Common Stock, each share of which entitles the holder thereof to one vote on any matter submitted to our stockholders, and Class B Common Stock, each share of which entitles the holder thereof to ten votes on any matter submitted to our stockholders. Our chairman and chief executive officer, William J. Rouhana, Jr., has control over the vast majority of all the outstanding voting power as represented by our outstanding Class B and Class A Common Stock and effectively controls CSS Holdings and CSS, which controls CSS Productions, and, in turn, our company. Further, our bylaws provide that any member of our board may be removed with or without cause by the majority of our outstanding voting power, thus Mr. Rouhana exerts significant control over our board. This concentration of ownership and decision making may make it more difficult for other stockholders to effect substantial changes in our company and may also have the effect of delaying, preventing or expediting, as the case may be, a change in control of our company. ~~28A~~ **Because our common stock currently trades at prices below $ 5. 00 per share, we are subject to " penny stock " rules. As a company whose securities are traded at a low price per share, we are subject to additional regulatory requirements under the**

Securities Exchange Act of 1934, as amended, commonly referred to as the" penny stock rules." These rules impose certain disclosure and trading restrictions on broker- dealers who engage in transactions in penny stocks, defined generally as equity securities with a price of less than $ 5. 00 per share. The penny stock rules require broker- dealers to provide specific disclosures to investors prior to executing transactions in penny stocks. These disclosures include information about the risks associated with investing in penny stocks, the salesperson' s compensation, and the bid and offer quotations for the penny stock. Additionally, the rules require broker- dealers to obtain written consent from investors before executing transactions in penny stocks, confirming that the investors have received the required disclosures and understand the risks involved. The trading restrictions imposed by the penny stock rules may limit the liquidity and marketability of our securities. As a result, investors may find it more difficult to sell their shares at prevailing market prices or to find a willing buyer for their shares. This limited liquidity may contribute to greater price volatility and wider bid- ask spreads for our securities, which could negatively impact the market price of our common stock. Furthermore, the additional regulatory requirements associated with trading as a penny stock may deter broker- dealers from facilitating transactions in our securities. This reduced market- making activity may further exacerbate the liquidity and trading challenges faced by investors in our stock. Investors should be aware of the risks associated with trading in penny stocks, including limited liquidity, heightened price volatility, and the potential for regulatory scrutiny. These risks may make it more difficult for investors to buy or sell our securities at favorable prices and could result in losses for investors. 26A substantial number of shares of our Class A Common Stock may be issued upon exercise of outstanding warrants, which could adversely affect the price of our publicly traded securities. A substantial number of shares of Class A Common Stock may be issued upon the exercise of outstanding warrants, including the following: ~~● Class W Warrants, exercisable for up to an aggregate of 526, 362 shares of Class A Common Stock at an exercise price of $ 7. 50 per share;~~ ● Class Z Warrants, exercisable for up to an aggregate of 123, 109 shares of Class A Common Stock at a price of $ 12. 00 per share; ● Class I Warrants, exercisable for up to an aggregate of 800, 000 shares of our Class A Common Stock at an exercise price of $ 8. 13 per share; ● Class II Warrants, exercisable for up to an aggregate of 1, 200, 000 shares of our Class A Common Stock at an exercise price of $ 9. 67 per share; ● Class III- A Warrants, exercisable for up to an aggregate of 380, 000 shares of our Class A Common Stock at an exercise price of $ 11. 61 per share; ● Class III- B Warrants, exercisable for up to an aggregate of 1, 620, 000 shares of our Class A Common Stock at an exercise price of $ 11. 61 per share ~~.~~ **;** ● Redbox Warrants, exercisable for up to an aggregate of 1, 378, 248 shares of our Class A Common Stock at an exercise price of $ 132. 18 per share. If all of the outstanding warrants are exercised for cash we will be required to issue an aggregate of ~~6~~ **5** , ~~027~~ **501** , ~~719~~ **357** shares of Class A Common Stock, or approximately ~~46~~ **20** % of our Class A Common Stock outstanding as of December 31, ~~2022~~ **2023** . The warrant holders will likely exercise the warrants only at a time when it is economically beneficial to do so. Accordingly, the exercise of these warrants will significantly dilute our other equity holders and may adversely affect the market price of our publicly traded securities. We utilize At the Market Issuance Sales Agreements **and private sales** , pursuant to which we may offer and sell, from time to time, shares of Class A Common Stock and shares of Series A Preferred Stock, which may adversely affect the price of our Class A Common Stock and Series A Preferred Stock. We utilize At the Market Issuance Sales Agreement (" ATM Agreements ") **and private sales** pursuant to which we may issue shares of Class A Common Stock and Series A Preferred Stock having an aggregate offering price of up to $ 1, 000, 000, 000. The sale of Class A Common Stock will dilute our other equity holders and may adversely affect the market price of the Class A Common Stock. Issuance of shares of our Series A Preferred Stock will increase our dividend payment obligations and increase the liquidation preference. Under our currently existing ATM Agreement with Virtu Americas and B. Riley, ~~as of~~ **for the year ended** December 31, ~~2022~~ **2023** , we have sold an aggregate of ~~718~~ **1** , ~~027~~ **200, 703** shares of Series A Preferred Stock, generating net proceeds to us of $ ~~17~~ **18** . ~~0~~ **8 million. Outside of that, we completed private unregistered sales of 1, 200, 000 shares of preferred stock, generating $ 8. 1** million. Only a limited market exists for our Class A Common Stock, Series A Preferred Stock, Notes and Warrants, which could lead to price volatility. Our Class A Common Stock, Series A Preferred Stock, Notes and Redbox Warrants trade on the Nasdaq Global Market under the symbols " CSSE ~~,~~ " **,** " CSSEP ", " CSSEN " and " CSSEL ~~,~~ " **,** respectively. Our ~~Class W warrants and~~ Class Z warrants are quoted on the OTC Markets under the ~~symbols~~ - **symbol** ~~" CSSEW " and~~ " CSSEZ, " respectively. However, trading volume for our securities has historically been relatively limited. The limited trading market for our securities may cause fluctuations in the market value of these securities to be exaggerated, leading to price volatility in excess of that which would occur in a more active trading market for our securities. We currently **face delisting of our securities on Nasdaq and have a scheduled hearing in May 2024 to 27appeal the delisting notice. The delisting of our securities will materially harm liquidity and likely the value of such securities. We currently** do not plan to pay any dividends on our Class A Common Stock. The payment of cash dividends on our Class A Common Stock in the future will be dependent upon our revenue and earnings, if any, capital requirements and general financial condition, our obligation to pay dividends on our Series A Preferred Stock and make quarterly interest payments on the Notes, the laws and regulations of the State of Delaware and will be within the discretion of our board of directors. As a result, any gain you may realize on our Class A Common Stock ~~29may~~ -- **may** result solely from the appreciation of such shares. If our securities become subject to the SEC' s penny stock rules, broker- dealers may have trouble in completing customer transactions and trading activity in our securities may be adversely affected. If at any time our securities become subject to the " penny stock " rules promulgated under the Exchange Act our securities could be adversely affected. Typically, securities trading under a market price of $ 5. 00 per share and that do not meet certain exceptions, such as national market listing or annual revenue criteria, are subject to the penny stock rules. Under these rules, broker- dealers who recommend such securities to persons other than institutional accredited investors must: ● make a special written suitability determination for the purchaser; ● receive the purchaser' s written agreement to the transaction prior to sale; ● provide the purchaser with risk disclosure documents which identify certain risks associated with investing in " penny stocks **;** " ~~and which describe the market for these " penny stocks " as well as a purchaser' s legal remedies;~~

~~and~~ ● obtain a signed and dated acknowledgement from the purchaser demonstrating that the purchaser has received the required risk ~~disclosure documents before a transaction in a " penny stock " can be completed~~. If our securities become subject to these rules, broker- dealers may find it difficult to effectuate customer transactions and trading activity in our securities may be adversely affected. As a result, the market price of our securities may be depressed, and you may find it more difficult to sell our securities. Nasdaq could delist our Class A Common Stock from quotation on its exchange, which could limit investors' ability to sell and purchase our shares and subject us to additional trading restrictions. Our Class A Common Stock is currently listed on Nasdaq, a national securities exchange **. In March 2024 we received notice from Nasdaq that our securities will be delisted, pending our appeal of such delisting decision** . If our Class A Common Stock is not listed on Nasdaq or another national securities exchange at any time after the date hereof, we could face significant material adverse consequences, including: ● a limited availability of market quotations for our Class A Common Stock; ● reduced liquidity with respect to our Class A Common Stock; ● a determination that our Class A Common Stock is " penny stock " which will require brokers trading in our shares to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for our Class A Common Stock; ● a limited amount of news and analyst coverage for our company; and ● a decreased ability to issue additional securities or obtain additional financing in the future. ~~Risks~~ **28Risks** Related to our Series A Preferred StockWe may redeem the Series A Preferred Stock. On or after June 27, 2023, we may, at our option, redeem the Series A Preferred Stock, in whole or in part, at any time or from time to time. Also, upon the occurrence of a Change of Control prior to June 27, 2023, we may, at our option, redeem the Series A Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred. We may have an incentive to redeem the Series A Preferred Stock voluntarily if market conditions allow us to issue other preferred stock or debt securities at a rate that is lower than the dividend rate on the Series A Preferred Stock. If we redeem the Series A Preferred Stock, then from and after the redemption date, dividends will cease to accrue on shares of Series A Preferred Stock, the shares of Series A Preferred Stock shall no longer be deemed outstanding and all rights as a holder of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption. We must adhere to prescribed legal requirements and have sufficient cash in order to be able to pay dividends on our Series A Preferred Stock. **As noted earlier in this Annual Report, we have suspended the declaration and payment of dividends under our Series A preferred stock as a result of lack of surplus. We cannot determine if we will be able to reinstate this dividend at any point in the future.** In accordance with Section 170 of the Delaware General Corporation Law, we may only declare and pay cash dividends on the Series A Preferred Stock if we have either net profits during the fiscal year in which the dividend is declared and / or the preceding fiscal year, or a " surplus ", meaning the excess, if any, of our net assets (total assets less total liabilities) over ~~30our~~ -- **our** capital. We can provide no assurance that we will satisfy such requirements in any given year. Further, even if we have the legal ability to declare a dividend, we may not have sufficient cash to pay dividends on the Series A Preferred Stock. Our ability to pay dividends may be impaired if any of the risks described herein actually occur. Also, payment of our dividends depends upon our financial condition and other factors ~~as~~ our board of directors may deem relevant from time to time. We cannot assure you that our businesses will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay dividends on the Series A Preferred Stock. A holder of Series A Preferred Stock has extremely limited voting rights. The voting rights for a holder of Series A Preferred Stock are limited. Our shares of Class A Common Stock and Class B Common Stock vote together as a single class and are the only class of our securities that carry full voting rights. Mr. Rouhana, our chairman of the board and chief executive officer, beneficially owns the vast majority of the voting power of our outstanding common stock. As a result, Mr. Rouhana exercises a significant level of control over all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation, and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of our company or changes in management and will make the approval of certain transactions difficult or impossible without his support, which in turn could reduce the price of our Series A Preferred Stock. Voting rights for holders of the Series A Preferred Stock exist primarily with respect to the ability to elect, voting together with the holders of any other series of our preferred stock having similar voting rights, two additional directors to our board of directors in the event that eighteen monthly dividends (whether or not consecutive) payable on the Series A Preferred Stock are in arrears, and with respect to voting on amendments to our certificate of incorporation, including the certificate of designations relating to the Series A Preferred Stock, that materially and adversely affect the rights of the holders of Series A Preferred Stock or authorize, increase or create additional classes or series of our capital stock that are senior to the Series A Preferred Stock. The market price of the Series A Preferred Stock could be substantially affected by various factors. The market price of the Series A Preferred Stock depends on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, but are not limited to, the following: **29** ● prevailing interest rates, increases in which may have an adverse effect on the market price of the Series A Preferred Stock; ● trading prices of similar securities; ● our history of timely dividend payments; ● the annual yield from dividends on the Series A Preferred Stock as compared to yields on other financial instruments; ● general economic and financial market conditions; ● government action or regulation; ● the financial condition, performance and prospects of us and our competitors; ● changes in financial estimates or recommendations by securities analysts with respect to us or our competitors in our industry ~~;~~ ● our issuance of additional preferred equity or debt securities; and ● actual or anticipated variations in quarterly operating results of us and our competitors. The Series A Preferred Stock ranks junior to all our indebtedness and other liabilities. In the event of our bankruptcy, liquidation, dissolution or winding- up of our affairs, our assets will be available to pay obligations on the Series A Preferred Stock only after all our indebtedness and other liabilities have been paid. The rights of holders of the Series A Preferred Stock to participate in the distribution of our assets will rank junior to the prior claims of our current and future creditors and any future series or class of preferred stock we may issue that ranks senior to the Series A Preferred Stock. Also, the Series A Preferred Stock effectively ranks junior to all existing and future indebtedness and to the indebtedness and other liabilities of our existing subsidiaries and any future subsidiaries. Our existing ~~31subsidiaries~~ - **subsidiaries** are, and future subsidiaries would be, separate legal entities and have no legal obligation to pay any amounts to us in respect of dividends due on the Series A Preferred Stock. We have incurred and may in the future incur substantial amounts of debt and other obligations that will rank senior to the Series A Preferred Stock. As of December 31, ~~2022~~ **2023** , our total liabilities (excluding contingent consideration) equaled approximately $ ~~796~~ **920** . ~~8~~ **6** million. If we are forced to liquidate our assets to pay our creditors, we may not have sufficient assets to pay amounts due on any or all the Series A Preferred Stock then outstanding. Market interest rates may materially and adversely affect the value of the Series A Preferred Stock. One of the factors that will influence the price of the Series A Preferred Stock is the dividend yield on the Series A Preferred Stock (as a percentage of the market price of the Series A Preferred Stock) relative to market interest rates. Increases in market interest rates may lead prospective purchasers of the Series A Preferred Stock to expect a higher dividend yield (and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for dividend payments). Thus, higher market interest rates could cause the market price of the Series A Preferred Stock to materially decrease. Holders of the Series A Preferred Stock may be unable to use the dividends- received deduction and may not be eligible for the preferential tax rates applicable to " qualified dividend income. " **If and when we reinstitute the dividend on our Series A preferred stock,** ~~Distributions~~ **distributions** paid to corporate U. S. holders of the Series A Preferred Stock may be eligible for the dividends- received deduction, and distributions paid to non- corporate U. S. holders of the Series A Preferred Stock may be subject to tax at the preferential tax rates applicable to " qualified dividend income, " only if we have current or accumulated earnings and profits, as determined for U. S. federal income tax purposes. Additionally, we may not have sufficient current earnings and profits during future fiscal years for the distributions on the Series A Preferred Stock to qualify as dividends for U. S. federal income tax purposes. If the distributions fail to qualify as dividends, U. S. holders would be unable to use the dividends- received deduction and may ~~not~~ **30not** be eligible for the preferential tax rates applicable to " qualified dividend income. " If any distributions on the Series A Preferred Stock with respect to any fiscal year are not eligible for the dividends- received deduction or preferential tax rates applicable to " qualified dividend income " because of insufficient current or accumulated earnings and profits, it is possible that the market value of the Series A Preferred Stock might decline. A reduction in the credit rating of our Series A Preferred Stock could adversely affect the pricing and liquidity of such stock. Any downward revision or withdrawal of the credit rating on our Series A Preferred Stock could materially adversely affect market confidence in such stock and could cause material decreases in the market price of such stock and could diminish market liquidity ~~. Egan- Jones has initially rated our Series A Preferred Stock as BBB (-). Neither Egan- Jones nor any other agency is under any obligation to maintain any rating assigned to our Series A Preferred Stock and such rating could be revised downward or withdrawn at any time for reasons of general market changes or changes in our financial condition or for no reason at all~~ . The Series A Preferred Stock is not convertible into Class A Common Stock, including in the event of a change of control, and investors will not realize a corresponding upside if the price of the Class A Common Stock increases. The Series A Preferred Stock is not convertible into shares of Class A Common Stock and earns dividends at a fixed rate. Accordingly, an increase in market price of our Class A Common Stock will not necessarily result in an increase in the market price of our Series A Preferred Stock. The market value of the Series A Preferred Stock may depend more on dividend and interest rates for other preferred stock, commercial paper and other investment alternatives and our actual and perceived ability to pay dividends on, and in the event of dissolution satisfy the liquidation preference with respect to, the Series A Preferred Stock. The Notes are unsecured and therefore are effectively subordinated to any secured indebtedness we have incurred or may incur in the future. The 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 MUFG Union Bank which are secured by territorial licenses and distribution rights in certain films and productions owned or to be acquired by Screen Media or Redbox, but only to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the ~~32holders~~ -- **holders** of any of our existing or future secured indebtedness may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Notes. The Notes are structurally subordinated to the existing and future indebtedness and other liabilities of our subsidiaries. The Notes are obligations exclusively of Chicken Soup for the Soul Entertainment, Inc., and not any of our subsidiaries. In addition, the Notes are not guaranteed by any third- party, whether an affiliate or unrelated to us. None of the assets of our subsidiaries will be directly available to satisfy the claims of holders of the Notes. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors of our subsidiaries will have priority over our equity interests in such entities (and therefore the claims of our creditors, including holders of the Notes) with respect to the assets of such entities. Even if we are recognized as a creditor of one or more of these entities, our claims would still be effectively subordinated to any security interests in the assets of any such entity and to any indebtedness or other liabilities of any such entity senior to our claims. Consequently, the Notes are structurally subordinated to all indebtedness and other liabilities of any of our subsidiaries. The indenture under which the Notes are issued contains limited protection for holders of the Notes. The indenture under which the Notes are issued offers limited protection to holders of the Notes. The terms of the indenture and the Notes do not restrict our ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have a material adverse impact on your investment in the Notes. In particular, except in limited circumstances, the terms of the indenture and the Notes do not restrict our ability to: ● issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or ~~other~~ **31other** obligations that would be equal or senior in right of payment to the Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (3) indebtedness that we incur that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in those entities and therefore rank structurally senior to the Notes with respect to the assets of these entities; ● pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Notes, including our Series A Preferred Stock or any subordinated indebtedness; ● sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets); ● enter into transactions with affiliates; ● create liens or enter into sale and leaseback transactions; ● make investments; or ● create restrictions on the payment of dividends or other amounts to us from our subsidiaries. In addition, the indenture does not require us to offer to purchase the Notes in connection with a change of control or any other event (but does afford us the right to redeem the Notes prior to the prescribed redemption date upon the consummation of certain transactions). Similarly, the terms of the indenture and the Notes do not protect holders of the Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, if any. Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the Notes may have important consequences for holders of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes or negatively affecting the trading value of the Notes. Other debt we issue or incur in the future could contain more protections for its holders than the indenture and the Notes, including additional covenants and events of default. For example, the indenture under which the Notes are issued does not contain cross- default provisions. The issuance or incurrence of any indebtedness with incremental protections could affect the market for and trading levels and prices of the Notes. Additionally, even if we issue indebtedness that ranks ~~33equally~~ -- **equally** with the Notes, the holders of such indebtedness will be entitled to share ratably with the noteholders in any proceeds distributed in connection with any insolvency, liquidation, reorganization, or dissolution, which may have the effect of reducing the amount of proceeds paid to our noteholders. Incurrence of additional debt would also further reduce the cash available to invest in operations, as a result of increased debt service obligations, and may cause a cross- default on our other obligations, as described elsewhere in these Risk Factors. If new debt is added to our current indebtedness, the related risks that we now face could be compounded. An increase in market interest rates could result in a decrease in the value of the Notes. In general, as market interest rates rise, notes bearing interest at a fixed rate decline in value. Consequently, if you purchase the Notes, and the market interest rates subsequently increase, the market value of your Notes may decline. We cannot predict the future level of market interest rates. An active trading market for the Notes may not be sustained, which could limit your ability to sell the Notes or the market price of the Notes. Although the Notes are listed on the Nasdaq Global Market under the trading symbol " CSSEN, " we **received a delisting notice for our securities from Nasdaq in March 2024, pending our appeal of same. We** cannot provide any assurances **that the Notes will remain listed on Nasdaq or** that an active trading market will develop or be maintained for the Notes or that you will be able to sell your Notes. The Notes may trade at a discount from their initial offering price depending on ~~prevailing~~ **32prevailing** interest rates, the market for similar securities, our credit ratings, if any, general economic conditions, our financial condition, performance and prospects and other factors. Accordingly, we cannot assure you that a liquid trading market for the Notes will be sustained, that you will be able to sell your Notes at a particular time or that the price you receive when you sell will be favorable. To the extent an active trading market is not sustained, the liquidity and trading price for the Notes may be harmed. Accordingly, you may be required to bear the financial risk of an investment in the Notes for an indefinite period of time. We may choose to redeem the Notes when prevailing interest rates are relatively low. Since July 31, 2022, we have had the right to redeem the Notes from time to time, which we may elect to do especially when prevailing interest rates are lower than the rate borne by the Notes. If prevailing rates are lower at the time of redemption, you would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed. Our redemption right also may adversely impact your ability to sell the Notes as the optional redemption date or period approaches. If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes. Any default under the agreements governing our existing or future indebtedness that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness, could make us unable to pay principal and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness, including the Notes. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest. In addition, the lenders under any loan facility or other financing that we may obtain in the future could elect to terminate their commitment, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. Any such default may constitute a default under the Notes, which could further limit our ability to repay our indebtedness, including the Notes. If our operating performance declines, we may in the future need to seek to obtain waivers from our existing lenders at the time to avoid being in default. If we breach any loan covenants, we may not be able to obtain such a waiver from the lenders. If this occurs, we would be in default under the credit arrangement that we have, the lender could exercise its rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay indebtedness, lenders having secured obligations could proceed against the collateral securing their debt. Because any future credit facilities will likely have ~~,~~ customary cross- default provisions, if the indebtedness under the Notes, or under any future credit facility is accelerated, we may be unable to repay or finance the amounts due. We are not obligated to contribute to a sinking fund to retire the Notes and the Notes are not guaranteed by a third- party. We are not obligated to contribute funds to a sinking fund to repay principal or interest on the Notes upon maturity or default. The Notes are not certificates of deposit or similar obligations of, or guaranteed by, any depositary institution. ~~34~~ **Further, no private party or governmental entity insures or guarantees payment on the Notes if we do not have enough funds to make principal or interest payments. A downgrade, suspension or withdrawal of the**

credit rating assigned by a rating agency to us, the July 2025 Notes, or the Notes, if any, could cause the liquidity or market value of the Notes to decline significantly. Our credit rating is an assessment by third parties of our ability to pay our obligations. Consequently, real or anticipated changes in our credit rating will generally affect the market value of the Notes. Our credit rating, however, may not reflect the potential impact of risks related to market conditions generally or other factors discussed above on the market value of or trading market for the Notes. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. 33