



## Chicken Soup for the Soul Entertainment Reports First Quarter Earnings in Line With Guidance

May 15, 2023

*Management to host a live webcast on May 15, 2023, at 4:30 pm ET*

COS COB, Conn.--(BUSINESS WIRE)--May 15, 2023-- Chicken Soup for the Soul Entertainment Inc. (Nasdaq: CSSE) – one of the largest providers of premium content to value-conscious consumers, today announced its financial results for the first quarter ended March 31, 2023.

"Our first quarter came in line with our guidance," said William J. Rouhana, Jr., chairman and chief executive officer of Chicken Soup for the Soul Entertainment. "As we saw in March, we're anticipating that when new release movies begin to appear in our kiosks and our TVOD service consistently, consumers would return to rent. Starting in the second half of May and over the next several months, we will have, on average, two or more new release titles a week – many of which will be major releases. As a result, we expect to see a meaningful increase in rentals at our Redbox kiosks."

### First Quarter 2023 Financial Summary

- Net revenue of \$110 million, compared with net revenue of \$29 million in the year-ago period
- Adjusted EBITDA of \$20.1 million, compared with Adjusted EBITDA of \$3.7 million in the year-ago period
- Net loss of \$58.6 million, compared with a net loss of \$14.1 million in the year-ago period; \$54.5 million net loss before income taxes and preferred dividends, compared with \$11.9 million net loss in the year-ago period
- Earnings per share of \$0.94 (adjusted, -\$2.76 unadjusted per share)

### Recent Business Highlights

- Continued strength in TVOD following the largest TVOD revenue week ever in April, with revenue up 14% year-over-year and up 13% week-over-week
- Partnered with international social media and entertainment company TaTaTu to license content and expand the global reach of Chicken Soup for the Soul Entertainment's catalog of film and television series
- Signed a deal with Amazon Publisher Services to integrate next-generation advertising technologies into Redbox, Crackle, and Chicken Soup for the Soul apps, including shoppable ads, Amazon's Demand Side Platform (DSP) integration, and Server Side Ad Insertion (SSAI)
- Signed FAST deals with AMC Networks, Fremantle, Revry, and Love Stories TV to bring popular channels, including The Walking Dead, Portlandia, Supermarket Sweep, and The Jamie Oliver Channel, to the lineup of premium FAST content on Redbox Free Live TV, which is approaching 180 channels
- Crackle Connex joined advertising industry standard Geopath for digital out-of-home audience measurement and Upwave to measure positive ad-lift for television series
- Crackle Connex, representing over 20 ad-rep partners, signed a deal with Vidgo, one of the fastest-growing live TV streaming services, to exclusively represent its ad sales and operations in the US
- *Rana Naidu*, the Indian-language series produced by Chicken Soup for the Soul Entertainment-owned production company Locomotive Global, received a greenlight from Netflix India for a second season after the success of Season 1, which was the number one most streamed series in India after launch and on Netflix's Global Top 10 Series for two weeks

For a discussion of the financial measures presented herein which are not calculated or presented in accordance with U.S. generally accepted accounting principles ("GAAP"), see "Note Regarding Use of Non-GAAP Financial Measures" below and the schedules to this press release for additional information and reconciliations of non-GAAP financial measures.

The company presents non-GAAP measures such as Adjusted EBITDA to assist in an analysis of its business. These non-GAAP measures should not be considered an alternative to GAAP measures as an indicator of the company's operating performance.

For further information on the matters discussed in this release, please see our Quarterly Report on Form 10-Q for the three months ended March 31, 2023 to be filed with the Securities and Exchange Commission on or about May 15, 2023.

### Conference Call Information

- Date & Time: Monday, May 15, 2023, 4:30 p.m. ET.
- To access a dial-in number, the company encourages participants to register in advance by visiting the following [pre-registration link here](#).
- Please note that a dial-in option is not available without registering at the provided link.
- A live webcast of the event will also be available in the “Event Calendar” section under the “News & Events” tab of the Chicken Soup for the Soul Entertainment investor relations website at <http://ir.cssentertainment.com>.

#### Conference Call Replay Information

- A webcast replay will be made available at <http://ir.cssentertainment.com> in the “Event Calendar” section under the “News & Events” tab following the completion of the call.

#### About Chicken Soup for the Soul Entertainment

Chicken Soup for the Soul Entertainment (Nasdaq: CSSE) provides premium content to value-conscious consumers. The company is one of the largest advertising-supported video-on-demand (AVOD) companies in the US, with three flagship AVOD streaming services: Redbox, Crackle, and Chicken Soup for the Soul. In addition, the company operates Redbox Free Live TV, a free ad-supported streaming television service (FAST), with nearly 180 FAST channels as well as a transaction video on demand (TVOD) service, and a network of approximately 31,000 kiosks across the US for DVD rentals. To provide original and exclusive content to its viewers, the company creates, acquires, and distributes films and TV series through its Screen Media and Chicken Soup for the Soul TV Group subsidiaries. Chicken Soup for the Soul Entertainment is a subsidiary of Chicken Soup for the Soul, LLC, which publishes the famous book series and produces super-premium pet food under the Chicken Soup for the Soul brand name.

#### Note Regarding Use of Non-GAAP Financial Measures

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). We use a non-GAAP financial measure to evaluate our results of operations and as a supplemental indicator of our operating performance. The non-GAAP financial measure that we use is Adjusted EBITDA. Adjusted EBITDA (as defined below) is considered a non-GAAP financial measure as defined by Regulation G promulgated by the SEC under the Securities Act of 1933, as amended. Due to the significance of non-cash and non-recurring expenses recognized during the years ended December 31, 2022 and 2021, and the likelihood of material non-cash, non-recurring, and acquisition related expenses to occur in future periods, we believe that this non-GAAP financial measure enhances the understanding of our historical and current financial results as well as provides investors with measures used by management for the planning and forecasting of future periods, as well as for measuring performance for compensation of executives and other members of management. Further, we believe that Adjusted EBITDA enables our board of directors and management to analyze and evaluate financial and strategic planning decisions that will directly affect operating decisions and investments. We believe this measure is an important indicator of our operational strength and performance of our business because it provides a link between operational performance and operating income. It is also a primary measure used by management in evaluating companies as potential acquisition targets. We believe the presentation of this measure is relevant and useful for investors because it allows investors to view performance in a manner similar to the method used by management. We believe it helps improve investors’ ability to understand our operating performance and makes it easier to compare our results with other companies that have different capital structures or tax rates. In addition, we believe this measure is also among the primary measures used externally by our investors, analysts and peers in our industry for purposes of valuation and comparing our operating performance to other companies in our industry.

The presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual, infrequent or non-recurring items or by non-cash items. This non-GAAP financial measure should be considered in addition to, rather than as a substitute for, our actual operating results included in our condensed consolidated financial statements.

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

A reconciliation of net loss to Adjusted EBITDA will be provided in the company’s Annual Report on Form 10-Q for the quarter ended March 31, 2023 filed on May 15, 2023, under the section thereof entitled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Unaudited Historical Results to Adjusted EBITDA.*”

#### Forward-Looking Statements and Available Information

This press release includes forward-looking statements within the meaning of the federal securities laws. Forward-looking statements are statements that are not historical facts. These statements are based on various assumptions, whether or not identified in this press release, and on the current expectations of management and are not predictions of actual performance. Such assumptions involve a number of known and unknown risks and uncertainties, including but not limited to risks relating to our core strategy, operating income and margin, seasonality, liquidity, including cash flows from operations, available funds, and access to financing sources, free cash flows, revenues, net income, profitability, stock price volatility, future regulatory changes, price changes, ability to achieve and sustain market acceptance of our content streaming services and other content offerings, ability to recruit and retain officers, key employees, or directors, ability to protect our intellectual property, ability to complete and integrate into our existing operations future strategic acquisitions, ability to manage growth, ability to pay dividends and our debt obligations, as well as evolving regulatory or other operational risks, and risks presented by changing general market conditions impacting demand for our services. For a more complete description of these and other risks and uncertainties, please refer to Item 1A (Risk Factors) in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 31, 2023. If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by the forward-looking statements contained in this press release. Information regarding

the acquisition of Redbox and related transactions is qualified by reference to the Company's Current Reports on Form 8-K filed with the SEC on May 11, 2022 as amended May 12, 2022, June 6, 2022, August 12, 2022, November 14, 2022 and thereafter from time to time, and all exhibits filed with respect to such reports. The forward-looking statements contained in this press release speak only as of the date hereof and the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

# Tables Follow

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

	March 31, 2023	December 31, 2022
<b>ASSETS</b>		
Cash, cash equivalents and restricted cash	\$ 5,467,393	\$ 18,738,395
Accounts receivable, net of allowance for doubtful accounts of \$1,592,078 and \$1,277,597, respectively	149,938,518	113,963,425
Prepaid expenses and other current assets	11,757,709	13,196,180
Operating lease right-of-use assets	15,429,760	16,315,342
Content assets, net	115,036,955	126,090,508
Intangible assets, net	297,808,803	305,425,709
Goodwill	260,969,417	260,748,057
Other assets, net	27,797,720	29,401,793
<b>Total assets</b>	<b>\$ 884,206,275</b>	<b>\$ 883,879,409</b>
<b>LIABILITIES AND EQUITY</b>		
Accounts payable	\$ 54,414,979	\$ 50,960,682
Accrued expenses	94,160,793	87,817,015
Due to affiliated companies	5,292,617	3,778,936
Programming obligations	61,591,834	55,883,788
Film library acquisition obligations	31,191,155	39,750,121
Accrued participation costs	45,911,280	28,695,713
Debt, net	499,643,035	479,653,611
Contingent consideration	7,066,699	7,311,949
Put option obligation	6,650,000	11,400,000
Operating lease liabilities	17,104,784	18,079,469
Other liabilities	21,775,004	20,800,186
<b>Total liabilities</b>	<b>844,802,180</b>	<b>804,131,470</b>
<b>Equity</b>		
Stockholders' Equity:		
Series A cumulative redeemable perpetual preferred stock, \$.0001 par value, liquidation preference of \$25.00 per share, 10,000,000 shares authorized; 5,113,527 and 4,496,345 shares issued and outstanding, respectively; redemption value of \$127,838,175 and \$112,408,625, respectively	511	450
Class A common stock, \$.0001 par value, 140,000,000 shares authorized; 17,621,244 and 15,621,562 shares issued, 15,198,402 and 13,198,720 shares outstanding, respectively	1,761	1,559
Class B common stock, \$.0001 par value, 20,000,000 shares authorized; 7,654,506 shares issued and outstanding, respectively	766	766
Additional paid-in capital	373,720,902	355,185,280
Deficit	(306,329,579)	(247,752,446)
Accumulated other comprehensive income	(41,708)	47,528
Class A common stock held in treasury, at cost (2,422,842 and 2,422,842 shares, respectively)	(28,165,913)	(28,165,913)
Total stockholders' equity	39,186,740	79,317,224
<b>Noncontrolling interests</b>	<b>217,355</b>	<b>430,715</b>
<b>Total equity</b>	<b>39,404,095</b>	<b>79,747,939</b>
<b>Total liabilities and equity</b>	<b>\$ 884,206,275</b>	<b>\$ 883,879,409</b>

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

Three Months Ended March 31,
2023
2022

<b>Net revenues</b>	\$	109,599,293	\$	29,206,197
<b>Costs and expenses</b>				
Operating		96,306,368		22,575,408
Selling, general and administrative		32,763,551		12,816,520
Amortization and depreciation		11,183,717		1,648,258
Management and license fees		7,852,141		2,920,620
<b>Total costs and expenses</b>		<b>148,105,777</b>		<b>39,960,806</b>
<b>Operating loss</b>		<b>(38,506,484)</b>		<b>(10,754,609)</b>
Interest expense		16,666,259		1,310,459
Other non-operating income, net		(694,690)		(201,792)
<b>Loss before income taxes and preferred dividends</b>		<b>(54,478,053)</b>		<b>(11,863,276)</b>
Income tax (benefit) provision		1,214,151		20,000
<b>Net loss before noncontrolling interests and preferred dividends</b>		<b>(55,692,204)</b>		<b>(11,883,276)</b>
Net loss attributable to noncontrolling interests		(127,662)		(38,385)
<b>Net loss attributable to Chicken Soup for the Soul Entertainment, Inc.</b>		<b>(55,564,542)</b>		<b>(11,844,891)</b>
Less: preferred dividends		3,012,591		2,282,069
<b>Net loss available to common stockholders</b>	\$	<b>(58,577,133)</b>	\$	<b>(14,126,960)</b>
<b>Net loss per common share:</b>				
Basic and diluted	\$	(2.76)	\$	(0.92)
<b>Weighted-average common shares outstanding:</b>				
Basic and diluted		21,249,105		15,331,743

**Chicken Soup for the Soul Entertainment, Inc.**

**Adjusted EBITDA**

(unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Reported loss per share (GAAP)	\$ (58,577,133)	\$ (14,126,960)
Preferred dividends	3,012,591	2,282,069
Net (loss) income attributable to noncontrolling interests	(127,662)	38,385
Provision for income taxes	1,214,151	20,000
Other Taxes	252,879	80,372
Interest Expense	16,666,259	1,310,459
Film Library & Program Amortization	40,875,543	9,687,024
Stock-based Compensation	914,571	996,797
Reserve for bad debt and video returns	1,157,703	581,834
Amortization and depreciation	11,183,717	2,004,073
Other non-operating income	(694,690)	(201,792)
Non-cash settlement of management and licensing fees	3,450,000	—
Transitional expenses and other nonrecurring costs	747,105	989,832
<b>Adjusted EBITDA</b>	<b>\$ 20,075,034</b>	<b>\$ 3,662,093</b>

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