

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

Amendment No. 2

to

FORM 8-K

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

Date of Report (Date of earliest event reported): **May 10, 2022**

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

(Exact Name of Registrant as Specified in Charter)

**Delaware**

(State or Other Jurisdiction  
of Incorporation)

**001-38125**

(Commission  
File Number)

**81-2560811**

(IRS Employer  
Identification No.)

**132 E. Putnam Avenue, Floor 2W, Cos Cob, CT**

(Address of Principal Executive Offices)

**06807**

(Zip Code)

Registrant's telephone number, including area code: **(855) 398-0443**

**N/A**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

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

| <u>Title of each class</u>   | <u>Ticker symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|--|-------------------------|--|
| Class A Common Stock, \$0.0001 par value per share   | CSSE                    | The Nasdaq Stock Market LLC                      |
| 9.75% Series A Cumulative Redeemable Perpetual Preferred Stock, \$0.0001 par value per share | CSSEP                   | The Nasdaq Stock Market LLC                      |
| 9.50% Notes due 2025   | CSSEN                   | The Nasdaq Stock Market LLC                      |

**Item 1.01. Entry into a Material Definitive Agreement.**

***Merger Agreement***

As previously disclosed, on May 10, 2022, Chicken Soup for the Soul Entertainment, Inc., a Delaware corporation (the “Company”), entered into a Merger Agreement (the “Merger Agreement”) with Redbox Entertainment Inc., a Delaware corporation (“Redbox”), RB First Merger Sub Inc., a Delaware corporation and direct wholly owned subsidiary of the Company (“Merger Sub Inc.”), RB Second Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of the Company (“Merger Sub LLC”), Redwood Opco Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of the Company (“Opco Merger Sub LLC”), and Redwood Intermediate LLC, a Delaware limited liability company (“Opco LLC”).

Under that certain Credit Agreement, dated as of October 20, 2017 (as amended through the Sixth Incremental Assumption and Amendment Agreement, dated April 15, 2022 (the “Sixth Amendment”), the “Redbox Amended Credit Agreement”), by and among Opco LLC and certain of its subsidiaries, HPS Investment Partners, LLC (“HPS”), as administrative agent and collateral agent, and the lenders party thereto, \$50.0 million in Sixth Amendment Incremental Revolving Loans (as defined in the Redbox Amended Credit Agreement) will be made available to Redbox’s subsidiary, Redbox Automated Retail, LLC, a Delaware limited liability company (“Redbox Automated”), subject to certain conditions. At entry into the Sixth Amendment, borrowings of Sixth Amendment Incremental Revolving Loans were limited to no more than \$15.0 million in the aggregate, with additional borrowings becoming available if, among other things, Redbox and Opco LLC entered into an Acceptable Purchase Agreement (as defined in the Redbox Amended Credit Agreement) by May 10, 2022. Entry into the Merger Agreement permitted Redbox Automated to draw additional Sixth Amendment Incremental Revolving Loans (subject to any restrictions on incurring such debt as set forth in the Merger Agreement). An event of default under the Redbox Amended Credit Agreement will occur if (i) the Merger Agreement is terminated (and is not replaced by another Acceptable Purchase Agreement) or (ii) the consummation of the Mergers (as defined below) does not occur on or before October 31, 2022 (or such later date as HPS may agree).

The Merger Agreement provides that, among other things, upon the terms and subject to the conditions set forth in the Merger Agreement, (i) at the time the First Company Merger (as defined below) becomes effective (“Effective Time”), (A) Merger Sub Inc. (the “First Company Merger”) will merge with and into Redbox, with Redbox continuing as the surviving entity (the “Surviving Corporation”); and (B) simultaneously with the First Company Merger, Opco Merger Sub LLC (the “Opco Merger”) will merge with and into Opco LLC, with Opco LLC continuing as the surviving entity; and (ii) immediately following the First Company Merger and Opco Merger, the Surviving Corporation will merge with and into Merger Sub LLC (the “Second Company Merger” and, together with the First Company Merger, the “Integrated Mergers,” and the Integrated Mergers together with the Opco Merger, the “Mergers”), with Merger Sub LLC continuing as the surviving entity.

Pursuant to the Merger Agreement, at the Effective Time, (i) each share of Class A common stock of Redbox, par value \$0.0001 per share (the “Redbox Class A Common Stock”), will be cancelled and automatically deemed for all purposes to represent the right to receive, 0.087 shares (the “Exchange Ratio”) of Class A common stock, par value \$0.0001 per share, of the Company (the “Company Class A Common Stock”), (ii) each unit of Opco LLC will be converted into the right to receive a number of Company Class A Common Stock equal to the Exchange Ratio and (iii) each share of Class B common stock of Redbox, par value \$0.0001 per share (the “Redbox Class B Common Stock”), will be automatically cancelled for no additional consideration.

At the Effective Time the vested or unvested restricted stock units of Redbox (each “Redbox RSU Award”) that are outstanding as of immediately prior to the Effective Time held by each holder will automatically be converted into the right to receive a number of shares of Company Class A Common Stock equal to the Exchange Ratio multiplied by the number of vested or unvested Redbox RSU Awards held by such holder immediately prior to the Effective Time.

At the Effective Time the outstanding public warrants and private warrants of Redbox shall remain outstanding but become the right to receive upon valid exercise thereof shares of Company Class A Common Stock equal to the product of (A) the number of shares of Redbox Class A Common Stock subject to such warrant immediately prior to the Effective Time and (B) the Exchange Ratio, with the total shares of Company Class A Common Stock underlying the warrants rounded up to the nearest whole share, and with a corresponding change to the exercise price of such warrant based on the Exchange Ratio. Pursuant to Section 4.4 of the warrant agreements governing the Redbox warrants, the per-share exercise price for such warrants will become \$132.18 per share of Company Class A Common Stock. This is calculated by the current \$11.50 per-share exercise price of such warrants of by the 0.087 Exchange Ratio.

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The parties' obligation to consummate the Mergers (the "Closing") is subject to the satisfaction or waiver of certain conditions set forth in the Merger Agreement, including: (i) the approval of the Merger Agreement and the transactions contemplated by the Merger Agreement by the affirmative vote of the holders of at least a majority of the Redbox Class A Common Stock and Redbox Class B Common Stock, voting as a single class, (ii) the listing of the Company's Class A Common Stock issuable as merger consideration on Nasdaq, (iii) the approval of the issuance of the Company's Class A Common Stock issuable as merger consideration (the "Parent Stock Issuance") by the affirmative vote, or consent of the holders, of a majority of the common stock of the Company cast on the proposal, with the Company Class A Common Stock and the Company's class B common stock voting as a single class, which approval was satisfied by delivery of an irrevocable written consent from the controlling shareholder of the Company (the "Written Consent"), (iv) the effectiveness of a registration statement on Form S-4 with respect to the Company's Class A Common Stock issuable as merger consideration (the "Registration Statement"), (v) the expiration or termination of applicable waiting periods under the HSR Act and no restraints or other injunctions prohibiting the Closing, (vi) no material adverse effect on Redbox or the Company, (vii) HPS having executed and delivered to the Company definitive financing agreements (see "*Credit Agreement*," below), and (viii) certain other customary conditions relating to the parties' representations and warranties in the Merger Agreement and the performance of their respective obligations.

The Company's obligation to consummate the Mergers also is subject to HPS and its affiliates executing and delivering a definitive credit agreement that amends or refinances the obligations under the Redbox Amended Credit Agreement and provides for certain other financing. In connection with the execution of the Merger Agreement, the Company and HPS executed a commitment letter pursuant to which, at the Effective Time, the Company would obtain from HPS and its affiliates (i) a term loan facility consisting of the conversion, and assumption by the Company, of all "Senior Obligations" under (and as defined in) the Redbox Amended Credit Agreement (other than any outstanding Sixth Amendment Incremental Revolving Loans under the Redbox Amended Credit Agreement) and (ii) an \$80.0 million revolving credit facility (with any outstanding from the Sixth Amendment Incremental Revolving Loans under the Redbox Amended Credit Agreement being deemed, and assumed by the Company as, revolving loans thereunder).

The foregoing description of the Merger Agreement and the Mergers and other documents does not purport to be complete and is qualified in its entirety by the full text of all exhibits previously filed as exhibits to the Current Report on Form 8-K amended hereby.

**Item 8.01. Other Items.**

On May 11, 2022, the Company and Redbox issued a joint press release relating to their entry into the Merger Agreement. A copy of the press release was furnished as Exhibit 99.1 to the original Current Report, filed on May 11, 2022, to which this Amendment relates.

Attached as Exhibit 99.2 to the original Current Report, filed on May 11, 2022, to which this Amendment relates, was an investor presentation that the Company plans to use for public relations and other purposes.

This Current Report on Form 8-K, the press release, and investor presentation contain statements intended as "forward-looking statements" which are subject to the cautionary statements about forward-looking statements set forth therein.

**Item 9.01. Financial Statements and Exhibits.**

(a) Financial Statements of Businesses Acquired

The audited balance sheets of Redbox Entertainment, Inc. as of December 31, 2021 and 2020 and the audited statements of operations, statements of shareholders' equity, and statements of cash flows for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, were filed by Redbox under its Annual Report on Form 10-K, filed with the SEC on April 15, 2022, and are incorporated herein by reference.

The unaudited balance sheets of Redbox Entertainment, Inc. as of March 31, 2022 and December 31, 2021 and the unaudited statements of operations, statements of shareholders' deficit, and statements of cash flows for the three months ended March 31, 2022 and 2021, and the related notes to the financial statements, were filed by Redbox under its Quarterly Report on Form 10-Q, filed with the SEC on May 13, 2022, and are incorporated herein by reference.

The audited financial statements of Sonar Entertainment, Inc. as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, were filed under the Company's Amendment No. 1 to Current Report on Form 8-K, filed with the SEC on June 11, 2021, and are incorporated herein by reference.

The unaudited pro forma condensed combined financial information (giving effect to the acquisition by the Company of certain assets from Sonar Entertainment in 2021) as of and for the three months ended March 31, 2021, and the year ended December 31, 2020, and the related notes thereto, were filed under the Company's Amendment No. 1 to Current Report on Form 8-K, filed with the SEC on June 11, 2021, and are incorporated herein by reference.

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(b) Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma financial information as of and for the three months ended March 31, 2022 and for the year ended December 31, 2021 are filed as Exhibit 99.3 to this Amendment and are incorporated herein by reference.

(b) Exhibits:

| <b>Exhibit Number</b>          | <b>Description</b>  |
|--------------------------------|---|
| <a href="#"><u>2.1†***</u></a> | <a href="#"><u>Merger Agreement, dated as of May 10, 2022, by and among Chicken Soup for the Soul Entertainment, Inc., RB First Merger Sub Inc., RB Second Merger Sub LLC, Redwood Opco Merger Sub LLC, Redbox Entertainment Inc. and Redwood Intermediate LLC.</u></a>   |
| <a href="#"><u>10.1***</u></a> | <a href="#"><u>Release Agreement, dated as of May 10, 2022, by and among (i) Redwood Holdco, LP, AP VIII Aspen Holdings, L.P. and Apollo Global Management, Inc., (ii) Chicken Soup for the Soul Entertainment, Inc., RB First Merger Sub Inc., RB Second Merger Sub LLC and Redwood Opco Merger Sub, LLC, (iii) HPS Investment Partners, LLC, (iv) Redbox Entertainment Inc., Redwood Intermediate, LLC and Redbox Automated Retail, LLC and (v) Seaport Global SPAC, LLC.</u></a> |
| <a href="#"><u>10.2***</u></a> | <a href="#"><u>Tax Receivable Agreement Amendment, dated as of May 10, 2022, by and among Redbox Entertainment Inc., as successor to Seaport Global Acquisition Corp., Chicken Soup for the Soul Entertainment, Inc., Redwood Holdco, LP and Redwood Intermediate, LLC.</u></a>   |
| <a href="#"><u>10.3***</u></a> | <a href="#"><u>Form of Credit Agreement to be executed at the Effective Time of the Mergers, by and between Chicken Soup for the Soul Entertainment, Inc. and HPS Investment Partners, LLC, as administrative agent for the Lenders.</u></a>  |
| <a href="#"><u>99.1**</u></a>  | <a href="#"><u>Joint Press Release</u></a>  |
| <a href="#"><u>99.2**</u></a>  | <a href="#"><u>Investor Presentation</u></a>  |
| <a href="#"><u>99.3*</u></a>   | <a href="#"><u>Unaudited Pro Forma Consolidated Financial Information for the Company (giving effect to the acquisition of Redbox) as of and for the three months ended March 31, 2022 and for the year ended December 31, 2021.</u></a>  |

\* Filed herewith

\*\* Previously filed as an exhibit to the Current Report on Form 8-K, filed with the SEC on May 11, 2022, which is amended hereby.

\*\*\* Previously filed as an exhibit to the Amendment No. 1 to Current Report on Form 8-K, filed with the SEC on May 12, 2022, which is amended hereby.

† Certain of the exhibits and schedules to this agreement have been omitted in accordance with Regulation S-K Item 601(a)(5). The Company agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

#### **No Offer or Solicitation**

This Current Report is not intended to and shall not constitute an offer to buy or sell or the solicitation of an offer to buy or sell any securities, or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made, except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

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### **Additional Information and Where to Find It**

In connection with the proposed transactions under the Merger Agreement, the Company intends to file with the SEC a registration statement on Form S-4 that will include a proxy statement of Redbox and that also constitutes a prospectus and Information Statement of the Company. Each of the Company and Redbox may also file other relevant documents with the SEC regarding the proposed transactions. This Current Report on Form 8-K is not a substitute for the proxy statement/Information Statement/prospectus or registration statement or any other document that the Company or Redbox may file with the SEC. The definitive proxy statement/Information Statement/prospectus (if and when available) will be mailed to stockholders of the Company and Redbox. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT, PROXY STATEMENT/INFORMATION STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT MAY BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain free copies of the registration statement and proxy statement/Information Statement/prospectus (if and when available) and other documents containing important information about the Company, Redbox and the proposed transaction, once such documents are filed with the SEC through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by the Company will be available free of charge on the Company's website at <https://ir.cssentertainment.com/> or by contacting the Company's Investor Relations Department by email at [csse@ellipsisir.com](mailto:csse@ellipsisir.com) or by phone at 646-776-0886. Copies of the documents filed with the SEC by Redbox will be available free of charge on RDBX's website at <https://investors.redbox.com/> or by contacting Zaia Lawandow at [zaia.lawandow@redbox.com](mailto:zaia.lawandow@redbox.com).

### **Certain Information Regarding Participants in the Solicitation**

The Company, Redbox and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information about the directors and executive officers of the Company, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in CSSE's proxy statement for its 2021 annual meeting of stockholders, which was filed with the SEC on April 30, 2021, and CSSE's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, which was filed with the SEC on March 31, 2022, and amended on April 29, 2022, and on its website at <https://ir.cssentertainment.com/>. Information about executive officers of Redbox, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in Redbox's proxy statement for its 2021 annual meeting of stockholders, which was filed with the SEC on October 15, 2021, and Redbox's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, which was filed with the SEC on April 15, 2022 and on its website at <https://investors.redbox.com/>. Information about the directors of Redbox and other participants in the proxy solicitations, will be contained in the proxy statement/prospectus and other relevant materials to be filed with the SEC regarding the proposed transaction when such materials become available. Investors should read the proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions. You may obtain free copies of these documents from CSSE or RDBX using the sources indicated above.

Audited full year financial statements for the years ended December 31, 2021 and 2020, and unaudited financial statements for the three-month periods ended March 31, 2022 and 2021 for each of the Company and Redbox are set forth in their respective 10-Ks and 10-Qs for such period filed with the SEC.

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**SIGNATURE**

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

Dated: June 6, 2022

CHICKEN SOUP FOR THE SOUL ENTERTAINMENT INC.

By: /s/ William J. Rouhana, Jr.

Name: William J. Rouhana, Jr.

Title: Chief Executive Officer

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## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

**Introduction**

The following unaudited pro forma condensed combined financial information presents the unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statements of operations based upon the combined historical financial statements of Chicken Soup for the Soul Entertainment Inc. (“Chicken Soup for the Soul Entertainment” or the “Company”) and Redbox Entertainment Inc. (“Redbox”), after giving effect to the consummation of the merger transaction contemplated by the Agreement and Plan of Merger, dated May 10, 2022, by and among the Company and Redbox, and the related adjustments described in the accompanying notes. The merger transaction is accounted for under the acquisition method of accounting, which requires determination of the accounting acquirer. The accounting guidance provides that in identifying the acquiring entity in a business combination effected through an exchange of equity interests, all pertinent facts and circumstances must be considered, including; the relative voting rights of the stockholders of the constituent companies in the combined company, the existence of a large minority voting interest in the combined entity if no other owner or organized group of owners has a significant voting interest, the composition of the board of directors and senior management of the combined company, the relative size of each company and the terms of the exchange of equity securities in the business combination, including payment of any premium.

Immediately following the completion of the acquisition, on a fully diluted basis, shareholders of Chicken Soup for the Soul Entertainment will own an approximate 76.5% economic interest and shareholders of Redbox’s pre-transaction will own an approximate 23.5% economic interest in the combined company. The Company is considered to be the acquirer of Redbox for accounting purposes and will allocate the purchase price to the fair value of Redbox’s assets and liabilities as of the acquisition date, with any excess purchase price recorded as goodwill.

The unaudited pro forma condensed combined balance sheet data as of March 31, 2022 gives effect to the merger transaction as if it occurred on that date. The unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2022, and for the year ended December 31, 2021, gives effect to the merger transaction as if it had occurred on January 1, 2021. Additionally, the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2021 gives effect to the Company’s acquisition of certain assets of Sonar Entertainment, Inc. (“Sonar”) on May 21, 2021, as if it had occurred on January 1, 2021.

The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of Regulation S-X. The unaudited pro forma adjustments reflecting the transaction have been prepared in accordance with business combination accounting guidance as provided in FASB ASC Topic 805 and reflect the preliminary allocation of the estimated merger consideration to the acquired assets and liabilities assumed based upon their estimated fair values, using the assumptions set forth in the notes to the unaudited pro forma condensed combined financial information. The Company’s historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial information to give pro forma effect to events that are (1) directly attributable to the merger transaction, (2) factually supportable, and (3) with respect to the statement of operations, expected to have a continuing impact on the combined results.

The unaudited pro forma condensed combined financial information is provided for informational purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger transaction had been completed as of the dates set forth above, nor is it indicative of the future results or financial position of the combined company. In connection with the pro forma condensed combined financial information, the Company allocated the estimated purchase price using its best estimates of fair value. The allocation is dependent upon certain valuation and other analyses that are not yet final. Accordingly, the pro forma acquisition price adjustments are preliminary and subject to further adjustments as additional information becomes available and as additional analyses are performed. There can be no assurances that the final valuations will not result in material changes to the preliminary estimated purchase price allocation. The unaudited pro forma condensed combined financial information also does not give effect to the potential impact of current financial conditions, any anticipated synergies, operating efficiencies or cost savings that may result from the transaction or any integration costs. Furthermore, the unaudited pro forma condensed combined statements of operations do not include certain nonrecurring charges and the related tax effects that result directly from the transaction as described in the notes to the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information should be read in conjunction with both the Company’s and Redbox’s unaudited historical condensed consolidated financial statement as of March 31, 2022, and the audited historical consolidated financial statements as of and for the year ended December 31, 2021, which have been filed with the Securities and Exchange Commission (“SEC”).

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**Chicken Soup for the Soul Entertainment, Inc.**  
**Unaudited Pro Forma Condensed Combined Balance Sheet**  
**As of March 31, 2022**  
**(In thousands)**

|   | <b>Chicken Soup<br/>for the Soul<br/>Entertainment,<br/>Inc.<br/>(Historical)</b> | <b>Reclassified<br/>Redbox<br/>Entertainment,<br/>Inc. (Note 3)<br/>(Historical)</b> | <b>Transaction<br/>Adjustments</b> | <b>Other<br/>Adjustments</b> | <b>Pro Forma<br/>Combined</b> |
|---|---|--|------------------------------------|------------------------------|-------------------------------|
| <b>ASSETS</b>   |   |  |                                    |                              |                               |
| Cash, cash equivalents and restricted cash                  | \$ 21,499   | \$ 13,658  | \$                                 | \$                           | \$ 35,157                     |
| Accounts receivable, net of allowance for doubtful accounts | 66,225  | 14,109   |                                    |                              | 80,334                        |
| Prepaid expenses and other current assets                   | 3,043   | 6,662  |                                    |                              | 9,705                         |
| Due from affiliated companies                               | 685   | 4,370  |                                    |                              | 5,055                         |
| Operating lease right-of-use assets                         | 8,386   | 8,274  |                                    |                              | 16,660                        |
| Content assets, net   | 86,816  | 23,214   |                                    |                              | 110,030                       |
| Property and equipment, net                                 | —   | 36,743   |                                    | 4,639(h)                     | 41,382                        |
| Intangible assets, net                                      | 21,650  | 106,349  | 119,351(b)                         |                              | 247,350                       |
| Indefinite lived intangible assets                          | 12,164  | —  |                                    |                              | 12,164                        |
| Goodwill  | 44,906  | 147,523  | (44,992)(c)                        |                              | 147,437                       |
| Other assets, net   | 5,570   | 612  |                                    | (4,639)(h)                   | 1,543                         |
| <b>Total assets</b>   | <b>\$ 270,944</b>   | <b>\$ 361,514</b>  | <b>\$ 74,359</b>                   | <b>\$ -</b>                  | <b>\$ 706,817</b>             |
| <b>LIABILITIES AND EQUITY</b>                               |   |  |                                    |                              |                               |
| Accounts payable and accrued other expenses                 | \$ 43,837   | \$ 97,344  | \$ 39,394(a)                       | \$                           | \$ 180,575                    |
| Programming obligations                                     | 15,570  | —  |                                    |                              | 15,570                        |
| Film library acquisition obligations                        | 19,139  | —  |                                    |                              | 19,139                        |
| Accrued participation costs                                 | 18,118  | —  |                                    |                              | 18,118                        |
| Film acquisition advances                                   | 12,971  | —  |                                    |                              | 12,971                        |
| Revolving loan  | 22,036  | —  |                                    |                              | 22,036                        |
| Debt  | 31,592  | 342,910  | (53,681)(d)                        | (6,088)(i)                   | 314,733                       |
| Contingent consideration                                    | 6,639   | —  |                                    |                              | 6,639                         |
| Put option obligation                                       | 11,400  | —  |                                    |                              | 11,400                        |
| Operating lease liabilities                                 | 9,799   | 8,557  |                                    |                              | 18,356                        |
| Other liabilities   | 5,482   | 14,720   | (3,438)(e)                         |                              | 16,764                        |
| <b>Total liabilities</b>                                    | <b>196,583</b>  | <b>463,531</b>   | <b>(17,725)</b>                    | <b>(6,088)</b>               | <b>636,301</b>                |
| <b>Equity</b>   |   |  |                                    |                              |                               |
| <b>Stockholders' Equity:</b>                                |   |  |                                    |                              |                               |
| Series A cumulative redeemable perpetual preferred stock    | —   | —  |                                    |                              | —                             |
| Class A common stock  | 1   | 1  | (1)(f)                             |                              | 1                             |
| Class B common stock  | 1   | 3  | (3)(f)                             |                              | 1                             |
| Additional paid-in capital                                  | 245,978   | 302,958  | (271,937)(f)                       | 6,088(i)                     | 283,087                       |
| Deficit   | (150,589)   | (334,398)  | 293,444(f)                         |                              | (191,543)                     |
| Class A common stock held in treasury, at cost              | (21,787)  | —  |                                    |                              | (21,787)                      |
| <b>Total stockholders' equity</b>                           | <b>73,604</b>   | <b>(31,436)</b>  | <b>21,503</b>                      | <b>6,088</b>                 | <b>69,759</b>                 |
| Noncontrolling interests                                    | 757   | (70,581)   | 70,581(g)                          |                              | 757                           |
| <b>Total equity</b>   | <b>74,361</b>   | <b>(102,017)</b>   | <b>92,084</b>                      | <b>6,088</b>                 | <b>70,516</b>                 |
| <b>Total liabilities and equity</b>                         | <b>\$ 270,944</b>   | <b>\$ 361,514</b>  | <b>\$ 74,359</b>                   | <b>\$ -</b>                  | <b>\$ 706,817</b>             |

See accompanying notes to unaudited pro forma condensed combined financial information.



**Chicken Soup for the Soul Entertainment, Inc.**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**For the Year Ended December 31, 2021**  
(In thousands, except share and per share amounts)

|   | Chicken Soup for<br>the Soul<br>Entertainment,<br>Inc.<br>(Historical) | Sonar<br>Entertainment for<br>the period from<br>January 1, 2021<br>through May 21,<br>2021<br>(Historical) | Transaction<br>Accounting<br>Adjustments | Pro forma<br>Chicken Soup<br>for the Soul<br>Entertainment,<br>Inc. | Reclassified<br>Redbox<br>Entertainment,<br>Inc. (Note 3)<br>(Historical) | Merger<br>Transaction<br>Adjustments | Financing<br>Transaction<br>Adjustments | Other<br>Accounting<br>Adjustments | Combined Pro<br>Forma |
|---|--|---|--|---|---|--------------------------------------|---|------------------------------------|-----------------------|
| <b>Net revenue</b>  | \$ 110,396   | \$ 5,954  | \$ —                                     | \$ 116,350  | \$ 288,540  | \$ —                                 | \$ —                                    | \$ —                               | \$ 404,890            |
| <b>Cost of revenue</b>  | 79,139   | 4,183   | —  | 83,322  | 115,141   | —                                    | —                                       | —                                  | 198,463               |
| <b>Gross profit</b>   | 31,256   | 1,771   | —  | 33,028  | 173,399   | —                                    | —                                       | —                                  | 206,427               |
| <b>Operating expenses:</b>  |  |   |  |   |   |                                      |   |                                    |                       |
| Selling, general and administrative   | 48,611   | 6,296   | (255)(p)                                 | 54,652  | 208,162   | 43,169(a)                            | —                                       | (10,949)(o)                        | 295,034               |
| Amortization and depreciation   | 5,728  | —   | 520(q)                                   | 6,248   | 108,505   | (53,447)(j)                          | —                                       | —                                  | 61,306                |
| Impairment of content assets  | 9,795  | —   | —  | 9,795   | —   | —                                    | —                                       | —                                  | 9,795                 |
| Impairment of intangible assets and goodwill                                  | 2,045  | —   | —  | 2,045   | —   | —                                    | —                                       | —                                  | 2,045                 |
| Management and license fees   | 11,039   | —   | 595(r)                                   | 11,634  | —   | —                                    | —                                       | 4,033(n)                           | 15,667                |
| <b>Total operating expenses</b>   | 77,218   | 6,296   | 860                                      | 84,374  | 316,667   | (10,278)                             | —                                       | (6,916)                            | 383,847               |
| <b>Operating loss</b>   | (45,962)   | (4,525)   | (860)                                    | (51,346)  | (143,268)   | 10,278                               | —                                       | 6,916                              | (177,420)             |
| Interest expense  | 4,831  | 28,054  | (27,727)(s)                              | 5,158   | 34,606  | (2,230)(k)                           | 6,382(k)                                | —                                  | 43,916                |
| Other non-operating income, net   | (379)  | (10)  | 10(t)                                    | (379)   | (3,083)   | —                                    | —                                       | —                                  | (3,462)               |
| <b>Loss before income taxes and preferred dividends</b>                       | (50,414)   | (32,569)  | 26,857                                   | (56,125)  | (174,791)   | 12,508                               | (6,382)                                 | 6,916                              | (217,874)             |
| Provision for income taxes  | 66   | 11  | (11)(s)                                  | 66  | (34,035)  | —                                    | —                                       | —                                  | (33,969)              |
| <b>Net loss before noncontrolling interests and preferred dividends</b>       | (50,480)   | (32,580)  | 26,868                                   | (56,191)  | (140,756)   | 12,508                               | (6,382)                                 | 6,916                              | (183,905)             |
| Net loss attributable to noncontrolling interests                             | (74)   | —   | —  | (74)  | (27,967)  | 27,967(l)                            | —                                       | —                                  | (74)                  |
| <b>Net loss attributable to Chicken Soup for the Soul Entertainment, Inc.</b> | (50,406)   | (32,580)  | 26,868                                   | (56,117)  | (112,789)   | (15,459)                             | (6,382)                                 | 6,916                              | (183,831)             |
| Less: preferred dividends   | 9,014  | —   | —  | 9,014   | —   | —                                    | —                                       | —                                  | 9,014                 |
| <b>Net loss available to common stockholders</b>                              | \$ (59,420)  | \$ (32,580)   | \$ 26,868                                | \$ (65,131)   | \$ (112,789)  | \$ (15,459)                          | \$ (6,382)                              | \$ 6,916                           | \$ (192,845)          |
| <b>Net loss per common share:</b>   |  |   |  |   |   |                                      |   |                                    |                       |
| Basic and diluted   | \$ (3.96)  | \$ —  | \$ —                                     | \$ (4.34)   | \$ (0.58)   | \$ —                                 | \$ —                                    | \$ —                               | \$ (9.84)             |
| <b>Weighted-average common shares outstanding:</b>                            |  |   |  |   |   |                                      |   |                                    |                       |
| Basic and diluted   | 15,018,421   | —   | —  | 15,018,421  | 12,618,516  | 4,578,633(m)                         | —                                       | —                                  | 19,597,054            |

See accompanying notes to unaudited pro forma condensed combined financial information.

**Chicken Soup for the Soul Entertainment, Inc.**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**For the Three Months Ended March 31, 2022**  
(In thousands, except share and per share amounts)

|   | Chicken Soup for<br>the Soul<br>Entertainment,<br>Inc.<br>(Historical) | Reclassified<br>Redbox<br>Entertainment,<br>Inc. (Note 3)<br>(Historical) | Merger<br>Transaction<br>Adjustments | Financing<br>Transaction<br>Adjustments | Other<br>Accounting<br>Adjustments | Combined<br>Pro Forma |
|---|--|---|--------------------------------------|---|------------------------------------|-----------------------|
| <b>Net revenue</b>  | \$ 29,206  | \$ 63,227   | \$ —                                 | \$ —                                    | \$ —                               | \$ 92,433             |
| <b>Cost of revenue</b>  | 22,575   | 27,290  | —                                    | —                                       | —                                  | 49,865                |
| <b>Gross profit</b>   | 6,631  | 35,937  | —                                    | —                                       | —                                  | 42,568                |
| <b>Operating expenses:</b>  |  |   |                                      |   |                                    |                       |
| Selling, general and administrative   | 12,817   | 59,038  | —                                    | —                                       | (2,561)(o)                         | 69,294                |
| Amortization and depreciation   | 1,648  | 25,090  | (13,362)(j)                          | —                                       | —                                  | 13,376                |
| Management and license fees   | 2,921  | —   | —                                    | —                                       | 1,488(n)                           | 4,409                 |
| <b>Total operating expenses</b>   | 17,386   | 84,128  | (13,362)                             | —                                       | (1,073)                            | 87,079                |
| <b>Operating loss</b>   | (10,755)   | (48,191)  | 13,362                               | —                                       | 1,073                              | (44,511)              |
| Interest expense  | 1,310  | 6,422   | (630)(k)                             | 1,595(k)                                | —                                  | 8,697                 |
| Other non-operating income, net   | (202)  | (13,765)  | —                                    | —                                       | —                                  | (13,967)              |
| <b>Loss before income taxes and preferred dividends</b>                       | (11,863)   | (40,848)  | 13,992                               | (1,595)                                 | 1,073                              | (39,242)              |
| Provision for income taxes  | 20   | 26  | —                                    | —                                       | —                                  | 46                    |
| <b>Net loss before noncontrolling interests and preferred dividends</b>       | (11,883)   | (40,874)  | 13,992                               | (1,595)                                 | 1,073                              | (39,288)              |
| Net loss attributable to noncontrolling interests                             | (38)   | (39,430)  | 39,430(l)                            | —                                       | —                                  | (38)                  |
| <b>Net loss attributable to Chicken Soup for the Soul Entertainment, Inc.</b> | (11,845)   | (1,444)   | (25,438)                             | (1,595)                                 | 1,073                              | (39,250)              |
| Less: preferred dividends   | 2,282  | —   | —                                    | —                                       | —                                  | 2,282                 |
| <b>Net loss available to common stockholders</b>                              | \$ (14,127)  | \$ (1,444)  | \$ (25,438)                          | \$ (1,595)                              | \$ 1,073                           | \$ (41,532)           |
| <b>Net loss per common share:</b>   |  |   |                                      |   |                                    |                       |
| Basic and diluted   | \$ (0.92)  | \$ (0.11)   | —                                    | —                                       | —                                  | \$ (2.09)             |
| <b>Weighted-average common shares outstanding:</b>                            |  |   |                                      |   |                                    |                       |
| Basic and diluted   | 15,331,743   | 12,618,516  | 4,578,633(m)                         | —                                       | —                                  | 19,910,376            |

See accompanying notes to unaudited pro forma condensed combined financial information.

## NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

### Note 1 – Basis of Presentation

The historical financial information has been adjusted in the unaudited pro forma condensed combined financial information to give effect to events that are (1) directly attributable to the merger transaction, (2) factually supportable, and (3) with respect to the statement of operations, expected to have a continuing impact on the combined results. The pro forma adjustments are preliminary and based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the transaction and certain other adjustments. The final determination of the purchase price allocation will be based on the fair values of assets acquired and liabilities assumed as of the date the proposed transaction closes. The Company will continue to assess its determination of fair value of the assets acquired and liabilities assumed during the measurement period.

Chicken Soup for the Soul Entertainment's and Redbox's historical results reflect the unaudited condensed statements of operations for the three months ended March 31, 2022, the audited statements of operations for the year ended December 31, 2021 and the unaudited condensed balance sheet as of March 31, 2022. Additionally, the Company's historical financial information has been adjusted to reflect the acquisition of Sonar on May 21, 2021.

### Note 2 – Description of Transaction

On May 10, 2022, Chicken Soup for the Soul Entertainment, Inc. (the "Company"), RB First Merger Sub Inc., RB Second Merger Sub LLC, Redwood Opco Merger Sub LLC, Redbox Entertainment, Inc. ("Redbox") and Redwood Intermediate LLC entered into a merger agreement ("Merger Agreement"). Pursuant to the Merger Agreement, and subject to the satisfaction or waiver of the conditions set forth therein, RB First Merger Sub Inc. will be merged with and into Redbox with Redbox continuing as the surviving corporation (such merger, the "First Company Merger"), and simultaneously with the First Company Merger, Redwood Opco Merger Sub LLC will be merged with and into Redwood Intermediate LLC with Redwood Intermediate LLC continuing as the surviving corporation (such merger, the "Opco Merger"), and immediately following the First Company Merger and the Opco Merger, Redbox will merge with and into RB Second Merger Sub LLC, with RB Second Merger Sub LLC continuing as the surviving corporation (such merger, together with the First Company Merger and the Opco Merger, the "Mergers"). As a result of the Mergers, Redbox will become a wholly owned subsidiary of the Company. As a result, each issued and outstanding share of Redbox common stock will be converted into a number of shares of the Company's common stock equal to the exchange ratio (defined below).

Additionally, as part of the mergers, Redbox is converting approximately \$27.9 million of its outstanding debt into Redbox shares. On May 10, 2022, Redbox, Redwood Intermediate LLC ("Opco LLC"), and Redbox Automated Retail, LLC, a Delaware limited liability company ("Redbox Automated"), entered into a Contribution and Exchange Agreement (the "B-2 Exchange Agreement") with Redwood Holdco, LP, a Delaware limited partnership ("Redwood"), New Outerwall, Inc., a Delaware corporation ("New Outerwall"), Aspen Parent, Inc., a Delaware corporation ("Aspen Parent") and HPS. The B-2 Exchange Agreement provides that Aspen Parent shall cause to be exchanged the aggregate outstanding Term B-2 Loan Obligations (as defined in the Amended Credit Agreement) for 4,035,943 shares of Redbox Class B Common Stock and an equal number of Class A common units of Opco LLC.

Each issued and outstanding share of Redbox common stock will be converted into the right to receive 0.087 shares of common stock in Chicken Soup for the Soul Entertainment, par value \$0.001 per share (the "Common Stock"), as determined pursuant to the Merger Agreement (the "Exchange Ratio"). Additionally, the right of holders of public and private warrants of Redbox to convert such warrant shares into Redbox common stock will be converted to a right to convert such warrant shares into the Company's common stock pursuant to the Exchange Ratio. Lastly, the issued and outstanding restricted stock unit awards with respect to Redbox common stock will be assumed by the Company and automatically converted into the Company's common stock pursuant to the Exchange Ratio.

Immediately following the completion of the acquisition, on a fully diluted basis, shareholders of Chicken Soup for the Soul Entertainment will own an approximate 76.5% economic interest and shareholders of Redbox's pre-transaction will own an approximate 23.5% economic interest in the combined company. The Company will retain majority voting control in the combined entity and is considered to be the acquirer of Redbox for accounting purposes.

### Note 3 - Reclassification Adjustments

The accounting policies used in the preparation of this unaudited pro forma condensed combined financial information are those set out in the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2021, and unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2022. With the information currently available, the Company has determined that no significant adjustments are necessary to conform Redbox's consolidated financial statements to the accounting policies used by the Company in the preparation of the unaudited pro forma condensed combined financial information.

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The reclassification adjustments are based on currently available information and assumptions management believes are, under the circumstances and given the information available at this time, reasonable, and reflective of adjustments necessary to report the Company's financial condition and results of operations as if the Merger were completed.

The combined company will finalize the review of accounting policies and reclassifications after the transaction closes, which could be materially different from the amounts set forth in the unaudited pro forma condensed combined financial information presented herein. The reclassification adjustments currently identified are as follows:

**Balance Sheet Reclassification Items of Redbox:**

Refer to the table below for a summary of reclassification adjustments made to present Redbox's consolidated balance sheet as of March 31, 2022, to conform with that of the Company's (amounts in thousands):

| <b>Redbox Historical Consolidated Balance Sheet Line Items</b> | <b>Chicken Soup for the Soul Entertainments Historical Consolidated Balance Sheet Line Items</b> | <b>Redbox Historical Consolidated Balances as of March 31, 2022</b> | <b>Reclassifications</b> | <b>Notes</b> | <b>Redbox Reclassified Consolidated Balances as of March 31, 2022</b> |
|--|--|---|--------------------------|--------------|---|
| Cash, cash equivalents and restricted cash                     | Cash, cash equivalents and restricted cash   | \$ 13,658   | \$                       |              | \$ 13,658   |
| Accounts receivable, net of allowances                         | Accounts receivable, net of allowance for doubtful accounts                                      | 14,109  |                          |              | 14,109  |
| Due from related parties, net                                  | Due from affiliated companies  | 4,370   |                          |              | 4,370   |
| Content library  | Content assets, net  | 23,214  |                          |              | 23,214  |
| Prepaid expenses and other current assets                      | Prepaid expenses and other current assets  | 6,662   |                          |              | 6,662   |
| Property and equipment, net                                    | Property and equipment, net  | 36,743  |                          |              | 36,743  |
| Goodwill   | Goodwill   | 147,523   |                          |              | 147,523   |
| Intangible assets, net   | Intangible assets, net   | 106,349   |                          |              | 106,349   |
| Operating lease right-of-use assets                            | Operating lease right-of-use assets  | 8,274   |                          |              | 8,274   |
| Other long-term assets   | Other assets, net  | 612   |                          |              | 612   |
| Trade payables   |  | 38,704  | (38,704)                 | (a)          | -   |
| Due to related parties, net                                    |  | 74  | (74)                     | (a)          | -   |
| Accrued and other current liabilities                          |  | 58,566  | (58,566)                 | (a)          | -   |
|  | Accounts payable and accrued other expenses  |   | 97,344                   | (a)          | 97,344  |
| Operating lease liabilities, current portion                   |  | 2,958   | (2,958)                  | (a)          | -   |
| Current portion of long-term debt                              |  | 41,539  | (41,539)                 | (a)          | -   |
| Long-term debt, net  |  | 301,371   | (301,371)                | (a)          | -   |
|  | Debt   |   | 342,910                  | (a)          | 342,910   |
| Warrant liability  |  | 4,056   | (4,056)                  | (a)          | -   |
| Operating lease liabilities, non-current portion               |  | 5,599   | (5,599)                  | (a)          | -   |
|  | Operating lease liabilities  |   | 8,557                    | (a)          | 8,557   |
| Other long-term liabilities                                    | Other liabilities  | 10,664  | 4,056                    | (a)          | 14,720  |
| Class A common stock   | Class A common stock   | 1   |                          |              | 1   |
| Class B common stock   | Class B common stock   | 3   |                          |              | 3   |
| Additional paid-in-capital                                     | Additional paid-in capital   | 302,958   |                          |              | 302,958   |
| Non-controlling interest                                       | Noncontrolling interests   | (70,581)  |                          |              | (70,581)  |
| Accumulated deficit  | Deficit  | (334,398)   |                          |              | (334,398)   |

(a) Represents reclassification for conformity to the Company's balance sheet presentation and financial statement line items.

### Income Statement of Operations Reclassification Items of Redbox:

Refer to the table below for a summary of reclassification adjustments made to present Redbox's statement of operations for the three months ended March 31, 2022, to conform with that of the Company's (amounts in thousands):

| Redbox Historical Consolidated Statement of Operations Line Items | Chicken Soup for the Soul Entertainment Historical Consolidated Statement of Operations Line Items | Redbox Historical Statement of Operations For the three months ended March 31, 2022 | Reclassifications | Notes | Redbox Reclassified Statement of Operations For the three months ended March 31, 2022 |
|---|--|---|-------------------|-------|---|
| Net revenue   | Net revenue  | \$ 63,227   | \$                |       | \$ 63,227   |
| Product cost  | Cost of revenue  | 27,290  | (27,290)          | (b)   | -   |
| Direct operating  |  | 30,005  | 27,290            | (b)   | 27,290  |
| Marketing   |  | 4,022   | (4,022)           | (b)   | -   |
| Stock-based compensation expense                                  |  | 1,808   | (1,808)           | (b)   | -   |
| General and administrative  |  | 23,203  | (23,203)          | (b)   | -   |
| Depreciation and amortization                                     | Selling, general and administrative Amortization and depreciation                                  | 25,090  | 59,038            | (b)   | 59,038  |
| Interest and other income (expense), net                          | Interest expense   | 7,343   | (7,343)           | (b)   | -   |
|   | Other non-operating income, net  |   | 6,422             | (b)   | 6,422   |
| Income tax expense (benefit)                                      | Provision for income taxes   | 26  | (13,765)          | (b)   | (13,765)  |
| Net loss attributable to non-controlling interest                 | Net loss attributable to noncontrolling interests  | (39,430)  |                   |       | (39,430)  |

(b) Represents reclassification for conformity to the Company's statement of operations presentation and financial statement line items.

Refer to the table below for a summary of reclassification adjustments made to present Redbox's statement of operations for the year ended December 31, 2021, to conform with that of the Company's (amounts in thousands):

| Redbox Historical Consolidated Statement of Operations Line Items | Chicken Soup for the Soul Entertainment Historical Consolidated Statement of Operations Line Items | Redbox Historical Statement of Operations For the year ended December 31, 2021 | Reclassifications | Notes | Redbox Reclassified Statement of Operations For the year ended December 31, 2021 |
|---|--|--|-------------------|-------|--|
| Net revenue   | Net revenue  | \$ 288,540   | \$                |       | \$ 288,540   |
| Product cost  | Cost of revenue  | 115,141  | (115,141)         | (c)   | -  |
| Direct operating  |  | 131,926  | 115,141           | (c)   | 115,141  |
| Marketing   |  | 14,806   | (131,926)         | (c)   | -  |
| Stock-based compensation expense                                  |  | 1,994  | (14,806)          | (c)   | -  |
| General and administrative  |  | 59,436   | (1,994)           | (c)   | -  |
| Depreciation and amortization                                     | Selling, general and administrative Amortization and depreciation                                  | 108,505  | (59,436)          | (c)   | -  |
| Interest and other income (expense), net                          | Interest expense   | (31,523)   | 208,162           | (c)   | 208,162  |
|   | Other non-operating income, net  |  | 34,606            | (c)   | 34,606   |
| Income tax expense (benefit)                                      | Provision for income taxes   | (34,035)   | (3,083)           | (c)   | (3,083)  |
| Net loss attributable to non-controlling interest                 | Net loss attributable to noncontrolling interests  | (27,967)   |                   |       | (27,967)   |

(c) Represents reclassification for conformity to the Company's statement of operations presentation and financial statement line items.

### Note 4 – Estimated Merger Consideration

The estimated merger consideration for the purpose of this unaudited pro forma condensed combined financial information is approximately \$29.5 million based on the \$6.64 per share closing price of the common stock of Chicken Soup for the Soul as of May 31, 2022. The actual merger consideration will change based on fluctuations in the share price of the Company's common stock price and the number of common shares of Redbox outstanding on the closing date. The following table summarizes the preliminary estimate of the merger consideration to be transferred as a result of the combination (amounts in thousands):

|   |                  |
|---|------------------|
| Fair value of Class A common stock issued                     | \$ 28,552        |
| Fair value of consideration paid for the Redbox RSUs          | 291              |
| Fair value of Redbox warrants converted into Company warrants | 618              |
| Estimated Merger Consideration                                | <u>\$ 29,461</u> |

The final merger consideration could significantly differ from the amounts presented in the unaudited pro forma condensed combined financial information due to movements in the Company's common stock price up to the closing date of the combination. A sensitivity analysis related to the fluctuation in the Company's common stock price was performed to assess the impact of a hypothetical change of 10% on the Company's share closing price on the estimated purchase consideration and goodwill as of the closing date.

The following table shows the estimated purchase consideration and goodwill resulting from a change in the Company's share price (amounts in thousands except share price):

| <b>Change in Share Price</b> | <b>Share Price</b> | <b>Estimated Purchase Consideration</b> | <b>Estimated Goodwill</b> |
|------------------------------|--------------------|---|---------------------------|
| Increase of 10%              | \$ 7.30            | \$ 32,407                               | \$ 105,539                |
| Decrease of 10%              | \$ 5.98            | \$ 26,514                               | \$ 99,523                 |

**Note 5 – Allocation of Estimated Merger Consideration**

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of Redbox will be recognized and measured at fair value as of the closing date of the combination and added to those of Chicken Soup for the Soul Entertainment. The determination of fair value used in the transaction-related adjustments presented herein are preliminary and based on management estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the Mergers. The costs of finite-lived intangible assets are amortized through expense over their estimated lives. The final allocation of the merger consideration, upon the completion of the Mergers, will be based on Redbox's assets acquired and liabilities assumed as of the acquisition date, and will depend on a number of factors that cannot be predicted with certainty at this time. Therefore, the actual allocations will differ from the transaction accounting adjustments presented herein. The allocation is dependent upon certain valuation and other studies that have not yet been completed. Accordingly, the pro forma allocation of the merger consideration will be subject to further adjustments as additional information becomes available and as additional analyses and final valuations are completed. There can be no assurances that these additional analyses and final valuations will not result in significant changes to the estimates of fair value set forth below.

The following table sets forth a preliminary allocation of the estimated merger consideration to the identifiable tangible and intangible assets acquired and liabilities assumed of Redbox based on Redbox's unaudited consolidated balance sheet as of March 31, 2022, with the excess recorded to goodwill (amounts in thousands):

|  |            |
|--|------------|
| Total assets                                     | \$ 107,642 |
| Total liabilities                                | 406,412    |
| Net acquired tangible assets                     | (298,770)  |
| Identifiable intangibles assets                  | 225,700    |
| Goodwill   | 102,531    |
| Allocation of the Estimated Merger Consideration | \$ 29,461  |

## Note 6 – Pro Forma Adjustments

Unaudited Pro Forma Condensed Combined Balance Sheet Adjustments (amounts in thousands except share and per share data)

- a. To record estimated transaction cost, including adjusting accrued liabilities, as of March 31, 2022.

|   | Chicken Soup for the Soul<br>Entertainment, Inc. | Redbox Entertainment,<br>Inc. | Total     |
|---|--|-------------------------------|-----------|
| Total estimated transaction costs       | \$ 17,500  | \$ 25,669                     | \$ 43,169 |
| Less costs included in accrued expenses | 34   | 3,100                         | 3,134     |
| Less costs paid through March 31, 2022  | -  | 641                           | 641       |
| Pro forma net adjustment                | \$ 17,466  | \$ 21,928                     | \$ 39,394 |

- b. To record purchase accounting adjustments for acquired assets as follows:

|                           | Property and equipment | Intangible assets |
|---------------------------|------------------------|-------------------|
| Estimated fair value      | \$ 36,743              | \$ 225,700        |
| Historical carrying value | (36,743)               | (106,349)         |
| Pro forma net adjustment  | \$ -                   | \$ 119,351        |

- c. To record goodwill as a result of the merger and eliminate Redbox's historical goodwill:

|                           |             |
|---------------------------|-------------|
| Estimated fair value      | \$ 102,531  |
| Historical carrying value | (147,523)   |
| Pro forma net adjustment  | \$ (44,992) |

- d. To record the assumed Redbox debt at its estimated fair value after the conversion of \$27.9 million of Redbox's B-2 Debt into 4,035,943 Redbox Class A common shares as follows:

|  |             |
|--|-------------|
| Estimated fair value                           | \$ 317,089  |
| B-2 debt conversion to shares                  | (27,860)    |
| Estimated fair value after B-2 debt conversion | \$ 289,229  |
| Historical carrying value                      | (342,910)   |
| Pro forma net adjustment                       | \$ (53,681) |

- e. To record purchase accounting adjustments for the Redbox liability classified warrants that were exchanged for Chicken Soup for the Soul liability classified warrants:

|                           |            |
|---------------------------|------------|
| Estimated fair value      | \$ 618     |
| Historical carrying value | (4,056)    |
| Pro forma net adjustment  | \$ (3,438) |

- f. To record consideration paid, reduce the deficit for accrued transaction cost recognized in the pro forma balance sheet, recognize the B-2 debt conversion and eliminate historical carrying values for Redbox Entertainment Inc. equity accounts as follows:

|                                       | Class A common stock |        | Class B common stock |        | Additional<br>paid-in capital | Deficit    |
|---------------------------------------|----------------------|--------|----------------------|--------|-------------------------------|------------|
|                                       | Shares               | Amount | Shares               | Amount |                               |            |
| Consideration transferred             | 4,578,633            | \$ -   | -                    | \$ -   | \$ 29,461                     | \$ -       |
| Estimated transaction cost            |                      |        |                      |        |                               | (39,394)   |
| Post combination compensation expense |                      |        |                      |        | 1,560                         | (1,560)    |
| Historical carrying value             | -                    | (1)    |                      | (3)    | (302,958)                     | 334,398    |
| Pro forma net adjustment              | 4,578,633            | \$ (1) | -                    | \$ (3) | \$ (271,937)                  | \$ 293,444 |

- g. To record the elimination for the Redbox noncontrolling interest in Redwood Intermediate LLC as shareholders received Class A Common Stock of Chicken Soup for the Soul Entertainment.
- h. To reclassify Chicken Soup for the Soul Entertainment's plant, property and equipment from Other Assets, net into a distinct financial statement line item given the materiality of the acquired plant, property and equipment and the combined balances to the total net assets of the Company.
- i. To recognize the 916,883 equity classified warrants that will be issued to HPS in conjunction with the amended financing agreement to be consummated at the closing of the transaction.

|                                    |          |
|------------------------------------|----------|
| Number of penny warrants<br>issued | 916,883  |
| Intrinsic value per warrant        | \$ 6.64  |
| Pro forma net adjustment           | \$ 6,088 |

Unaudited Pro Forma Condensed Combined Statements of Operations Adjustments (amounts in thousands except share and per share data)

- j. To adjust amortization expense based on estimated fair value of intangible assets and useful lives:

|  | <b>Three Months Ended<br/>March 31, 2022</b> | <b>Year Ended<br/>December 31, 2021</b> |
|--|--|---|
| Estimated depreciation and amortization  | \$ 4,488                                     | \$ 17,953                               |
| Historical depreciation and amortization | (17,850)                                     | (71,400)                                |
| Pro forma net adjustment                 | <u>\$ (13,362)</u>                           | <u>\$ (53,447)</u>                      |

- k. To adjust interest expense based upon the assumed debt obligations in connection with the Mergers:

|  | <b>Three Months Ended<br/>March 31, 2022</b> | <b>Year Ended<br/>December 31, 2021</b> |
|--|--|---|
| Accretion of the debt discount pertaining to the penny warrants      | \$ (304)                                     | \$ (1,218)                              |
| Accretion of the debt discount on the fair value of the assumed debt | (1,291)                                      | (5,164)                                 |
| Pro forma financing transaction net adjustment                       | (1,595)                                      | (6,382)                                 |
| Interest expense savings from B-2 debt conversion                    | 630  | 2,230                                   |
| Total pro forma net adjustment                                       | <u>\$ (965)</u>                              | <u>\$ (4,152)</u>                       |

- l. To eliminate Redbox non-controlling interest in connection with the Mergers.

- m. The pro forma basic and diluted weighted average share outstanding are a combination of the historic weighted average shares of Chicken Soup for the Soul Entertainment and the issuance of share in connection with the Mergers:

|  | <b>Three Months Ended<br/>March 31, 2022</b> | <b>Year Ended<br/>December 31, 2021</b> |
|--|--|---|
| Historical weighted average shares outstanding | 15,331,743                                   | 15,018,421                              |
| Issuance of shares to Redbox                   | 4,299,927                                    | 4,299,927                               |
| Issuance of shares in exchange for Redbox RSUs | 278,706                                      | 278,706                                 |
| Pro forma weighted average shares outstanding  | <u>19,910,376</u>                            | <u>19,597,054</u>                       |

- n. To record the incremental management fee expense based upon historical non-traditional Redbox revenues that is separate from the Merger:

|   | <b>Three Months Ended<br/>March 31, 2022</b> | <b>Year Ended<br/>December 31, 2021</b> |
|---|--|---|
| Redbox revenue excluding traditional business revenue | \$ 14,879                                    | \$ 40,331                               |
| Incremental management fee                            | 10%  | 10%                                     |
| Pro forma net adjustment                              | <u>\$ 1,488</u>                              | <u>\$ 4,033</u>                         |

- o. To eliminate historical cost incurred for payroll and employee benefits of Redbox's workforce that was subject to the 2022 Reduction in Workforce restructuring plan and separate from the Mergers:

|                             | <b>Three Months Ended<br/>March 31, 2022</b> | <b>Year Ended<br/>December 31, 2021</b> |
|-----------------------------|--|---|
| Reduction in workforce cost | \$ (2,561)                                   | \$ (10,949)                             |

- p. Represents adjustment to eliminate historical nonrecurring Sonar Entertainment costs included on the financial statements of the company not directly attributable to the transaction including professional, legal and other overhead expenses.

- q. Represents adjustment to record valued Sonar acquisition related Intangible Asset amortization over the useful life of the intangible assets for the period presented on a straight-line basis.

- r. Represents adjustment to record additional management and license fees as a result of the Sonar acquisition to be owed to affiliated company based on revenues earned under existing management & licensing agreements.

- s. Represents adjustment to eliminate interest expense related to Sonar Entertainment debt facilities, as the debt was not assumed as part of the business combination and adjustment to record interest expense on the revolving loan agreement entered by the Company directly related to the acquisition of Sonar Entertainment.

- t. Represents adjustment to eliminate Sonar Entertainment non-operating income not applicable to the transaction and ongoing business.