SPIN-OFF RESEARCH

January 29, 2024

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Spin-Off Update

Lions Gate Entertainment (LGF.A) Alters Studio Spin-Off Transaction Structure; Upgrade Target Price

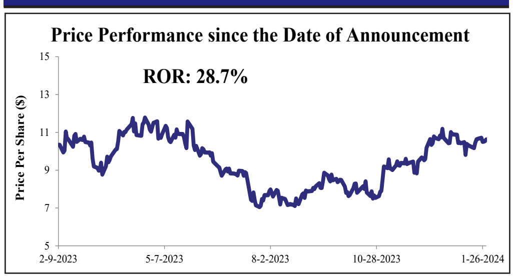
Lions Gate Entertainment Corp.

Parent: Lions Gate Entertainment Corp (NYSE: LGF.A)
Sector: Consumer Discretionary
Target Price: $13.00 (Previously: $8.50)
Share Price: $10.62*
Recommendation: Buy (Previously: Hold)
Upside: 22.4%

Spin-Off: Lionsgate Studios Corp.
Sector: Consumer Discretionary
Fair Value: $11.75 per LGF.A share#

*As of January 26, 2024
$9.50 per Lionsgate Studios Corp share

Price Performance



Source: Bloomberg

Spin-Off Details	
Announced	February 9, 2023
Filing Date	March 31, 2023
Latest Filing Date	July 12, 2023
WI Trading	TBA
Record Date	TBA
Spin-Off Ratio	TBA
Expected Completion	1H24
RW Trading	TBA
Tax Status	Tax-free
Index Impact	To be assessed

Deal Overview

On December 22, 2023, Lions Gate Entertainment Corp. (LGF.A, $10.62, Market Capitalization: $2.4 billion) announced that its Studio Business (comprising Television Studio and Motion Picture Group segments) will be combined with Screaming Eagle Acquisition Corp (Nasdaq: SCRM), to launch Lionsgate Studios Corp. ("Lionsgate Studios"). For Lionsgate, the transaction is intended to qualify as a generally tax-free exchange for U.S. federal income tax purposes and is expected to close in the spring of 2024, subject to the satisfaction of closing conditions.

As a result of the transaction, ~87.3% of the total shares of Lionsgate Studios are expected to continue to be held by Liongate, while Screaming Eagle public shareholders and founders and common equity financing investors are expected to own an aggregate of ~12.7% of the combined Company. **It is worth noting that Lionsgate's 87.3% stake will not be freely tradeable by Lionsgate investors but will be controlled by Lionsgate as the controlling shareholder of Lionsgate Studios**. However, Lionsgate is assessing a potential timeline to distribute Lionsgate Studios shares to Lionsgate shareholders fully, but the timeline is not certain at present.

Lionsgate Studios does not include the STARZ platform, which will continue to be wholly owned by Lions Gate. Common shares of Lionsgate Studios will trade separately from Lions Gate's Class A (LGF.A) and Class B (LGF.B) common shares as a single class of stock. The transaction values Lionsgate Studios (Spin-Off) at an enterprise value of ~$4.6 billion. Furthermore, the transaction is expected to deliver ~$350 million of gross proceeds to Lionsgate, including $175 million in PIPE financing already committed by leading mutual funds and other investors. Net proceeds from the transaction are expected to enhance Lionsgate's balance sheet and facilitate strategic initiatives. Separately, on 1/25, Lionsgate announced it would release 3Q24 financial results after market close on Thursday, 2/8.

Valuation and Recommendation

We value Lions Gate Entertainment using EV/EBITDA methodology by valuing Stub and Spin-Off separately. Our intrinsic value of $1.25 for the Media Networks business (previously: $1.50) is based on an FY2025e EV/EBITDA multiple of 7.6x. Our fair value estimate for Lionsgate Studios (Spin-Off) stands at $11.75 per share (Previously: $7.00) based on FY2025e EV/EBITDA multiple of 12.5x (~3% discount to its peer median multiple of 12.9x) for Motion Picture business and 7.2x (at ~1% premium to its peer median multiple of 7.1x) for Television Production business. **We arrive at a consolidated target price of $13.00 per share (Previously: $8.50) for Lions Gate Entertainment Corp., which implies a potential upside of 22.4% from the current market price of $10.62 as of 1/26. We thereby upgrade our rating 'Buy' on the stock**. Risks to our target price

Key Data	
Ticker	LGF.A
Primary Exchange	NYSE
Price ($ as of Jan 26, 2024)	10.62
52 Week Range ($)	6.93 - 12.09
Shares Outstanding (million)	229.5
Market Cap ($ billion)	2.4
Net Debt ($ billion)	1.7
Enterprise Value ($ billion)	4.5
Market Float	73.1%
FY24 Estimated P/E (x)	7.2
Dividend ($) / Div. Yield (%)	0.0/0.0%
Fiscal Year Ending	Mar 31
FY23 Revenue ($ billion)	3.9
Index Member	NYSE Composite

*P/E is calculated on the basis of Bloomberg Consensus estimates

Source: Bloomberg, Company Reports, and Spin-Off Research

#Includes Class A shares of 83.5 million and Class B shares of 146.0 million

Top 5 Shareholders*	Holding %
MHR Fund Management	24.10
Capital Group Cos	23.96
The Vanguard Group	8.04
LIBERTY 77 CAPITAL LP	7.93
BlackRock	7.51

* LFG.A shareholders

include tough competition due to established and bigger players in streaming services, a higher-than-expected decline in the subscriber base of Starz, and poor performance at the box office by anticipated releases that will affect financial results.

Transaction Details

As per the transaction, Lions Gate Entertainment Corp. will combine its Studio Business (comprising Television Studio and Motion Picture Group segments) with Screaming Eagle Acquisition Corp (Nasdaq: SCRM) to launch Lionsgate Studios Corp. ("Lionsgate Studios"). Screaming Eagle is a publicly traded company formed to merge with existing businesses. The transaction is subject to certain closing conditions, including regulatory approvals and approval from Screaming Eagle's shareholders and public warrant holders. It is expected to close in the spring of 2024. The deal positions the standalone Lionsgate Studios as a platform-agnostic, pure-play content company with a deep portfolio of franchise properties, including The Hunger Games, John Wick, The Twilight Saga and Ghosts, a robust film and television production and distribution business.

Upon closing of the transaction, it is expected that Lionsgate shareholders will indirectly own an ~87.3% stake in Lionsgate Studios, while Screaming Eagle public shareholders, founders and PIPE investors will own ~5.7%, 0.7% and 6.3% of Lionsgate Studios, respectively. Screaming Eagle founders and independent directors will collectively forfeit ~14.5 million of their founder shares. They will retain ~2.0 million common shares upfront. Screaming Eagle founders will receive an additional 2.2 million common shares if the trading price of Lionsgate Studios common shares increases 50% from $10.70. In connection with the transaction, the Screaming Eagle founders will forfeit all of their Screaming Eagle private placement warrants.

Due to tax and other considerations, Lionsgate Studios has made it a condition of the transaction to receive not more than $175 million of gross trust proceeds. If the unredeemed amount exceeds $175 million, such non-redeeming shareholders will receive a mix of consideration in the form of shares in Lionsgate Studios and cash (from Screaming Eagle) (as cash value in trust), pro-rata with all other non-redeeming shareholders (excluding PIPE investors and those investors committing to non-redemption arrangements). Lionsgate is expected to maintain its current corporate debt structure in this transaction.

It is also a condition of closing that all of Screaming Eagle's public and private placement warrants be eliminated. Screaming Eagle private placement warrants will be eliminated for no consideration. Screaming Eagle's public warrants will be repurchased for $0.50 per warrant from warrant holders under one of the voting proposals associated with the business combination. Screaming Eagle has obtained written consent from warrant holders owning ~44.19% of all public warrants outstanding to vote in favor of the public warrant repurchase. For all public warrants to be compulsorily acquired for $0.50 per warrant, an additional 5.81% must be obtained before the business combination's voting date.

Morgan Stanley & Co. L.L.C. is acting as financial advisor to Lionsgate. Citigroup Global Markets Inc. is acting as financial advisor to Screaming Eagle. Citigroup and Morgan Stanley are acting as co-placement agents for Screaming Eagle for the common equity financing. Wachtell, Lipton, Rosen

& Katz is acting as legal advisor to Lionsgate and Denton's Canada L.L.P. is acting as legal advisor to Lionsgate in Canada. White & Case L.L.P. is acting as legal advisor to Screaming Eagle and Goodmans L.L.P. is acting as legal advisor to Screaming Eagle in Canada. Davis Polk & Wardwell L.L.P. is acting as legal advisor to Citigroup and Morgan Stanley in connection with their roles as co-placement agents.

Other Updates

On December 27, 2023, Lionsgate announced the acquisition of the global entertainment platform eOne from Hasbro. Lionsgate acquired eOne for a purchase price of $375 million in cash, subject to certain purchase price adjustments, plus the assumption of production financing loans. The acquisition adds 6,500 film and television titles to Lionsgate's library and expands its presence in Canada and the U.K.

2Q24 & 1H24 Results Review

($ million)	2Q24	2Q23	YoY%	1H24	1H23	YoY%
Total revenues	1,015.5	875.2	16.0%	1,924.1	1,769.1	8.8%
Operating income (loss)	(817.5)	(1,747.6)	-53.2%	(834.3)	(1,815.9)	-54.1%
Operating income margin	-80.5%	-199.7%	11920 bps	-43.4%	-102.6%	-57.8%
Adj. OIBDA	140.7	47.4	196.8%	226.3	52.4	331.9%
Adj. OIBDA margin	13.9%	5.4%	840 bps	11.8%	3.0%	880 bps
Net loss attributable to common stockholders	(886.2)	(1,811.1)	-51.1%	(956.9)	(1,930.1)	-50.4%
Adj.Net Income	48.6	(39.0)	NM	38.8	(109.6)	NM
Diluted EPS	(3.8)	(7.95)	-52.3%	(4.12)	(8.51)	-51.6%
Adj Diluted EPS	0.21	(0.17)	-223.5%	0.16	(0.48)	-133.3%

Source: Company Data

2Q24

Lions Gate Entertainment's revenue jumped 16.0% YoY to $1.0 billion in 2Q24, primarily due to the growth in the Studio business. The Studio's business growth was fuelled by the Motion Picture revenues rising 76.7% YoY to $395.9 million. In 2Q24, Operating loss narrowed to $817.5 million from $1.8 billion a year ago due to lower goodwill and intangible asset impairment expenses. Propelled by both Studio and Media businesses, Adjusted OIBDA shot up 196.8% YoY to $140.7 million, with adjusted OIBDA margin increasing by 840 bps YoY to 13.9% in 2Q24. Net loss attributable to common shareholders declined to $886.2 million with Diluted Loss Per Share of $3.8 in 2Q24 from $1.8 billion net loss with Diluted Loss Per Share of $7.95 in 2Q23. However, adjusted net income was $48.6 million in 2Q24 compared to an adjusted net loss of $39.0 million in the prior year period, and adjusted diluted EPS came in at $0.21 in 2Q24 compared to adjusted diluted Loss Per Share of $0.17 in 2Q23.

1H24

In 1H24, the Company's revenue grew 8.8% YoY to $1.9 billion, with Studio and Media businesses reporting lower single-digit growth. During 1H24, the Company's goodwill and intangible asset impairment expense significantly declined, curtailing operating loss to $834.3 million from $1.8 billion in 1H23. Moreover, adjusted OIBDA recorded a massive jump to $226.3 million from $52.4 million because of profit improvement in both segments. Adjusted OIBDA margin improved 880 bps YoY to 11.8% in 1H24 from 3.0% in 1H23. Net loss attributable to common stockholders narrowed to $959.4 million in 2H24 from $1.9 billion in 2H23, and diluted Loss Per Share reduced to $4.12 in 2H24 from $8.51 the previous year. However, adjusted net income was $38.8 million in 2H24, compared to $109.6 million adjusted net loss in 2Q23, and adjusted EPS for the period was $0.16 compared to $0.48 adjusted Loss Per Share in 2H23.

Segments

1. Media Networks segment: Media Networks segment consists of Starz Networks and LIONSGATE+

($ million)	2Q24	2Q23	YoY%	1H24	1H23	YoY%
Revenue	416.5	396.1	5.2%	797.6	777.3	2.6%
Expenses:						
Direct operating expense	212.8	225.2	-5.5%	419.2	472.4	-11.3%
Distribution & marketing expense	114.3	125.8	-9.1%	231.3	273.3	-15.4%
Gross contribution	89.4	45.1	98.2%	147.1	31.6	365.5%
General and administrative expenses	22.8	24.1	-5.4%	48.6	47.6	2.1%
Segment profit	66.6	21	217.1%	98.5	(16.0)	NM
Segmental margin	16.0%	5.3%	1070 bps	12.3%	-2.1%	1440 bps

Source: Company Data

2Q24

Media Networks revenue was up 5.2% YoY to $416.5 million, mainly due to growth in LIONSGATE+ revenue, partially offset by a decline in Starz Networks revenue. The higher revenue at LIONSGATE+ was driven by a modification to shorten a long-term distribution contract in Latin America. As announced in November 2022, LIONSGATE+ has exited its service in France, Germany, Italy, Spain, Benelux, the Nordics, and Japan. Starz's revenue declined primarily due to decreased revenue from traditional linear services, partially offset by higher O.T.T. revenue from the price rise implemented during the quarter. Direct operating and Distribution & marketing expenses declined during 2Q24 by 5.5% and 9.1% to $212.8 and $225.2 million, respectively. The decline was primarily attributed to lower programming cost amortization, operating expenses, and lower costs associated with foreign exchange losses. Consequently, gross contribution surged 98.2% YoY to $89.4 million for Media Networks business in 2Q24. In 2Q24, Segment profit jumped to $66.6 million from $21.0 million a year ago, up 217.1% YoY, with segment margin expanding 1,070 bps YoY to 16.0%.

1H24

During 1H24, Media Networks revenue increased 2.6% YoY to $797.6 million, reflecting increased revenue at LIONSGATE+, offset by lower revenue at Starz Networks. Gross contribution increased 365.5% YoY to $147.1 million, reflecting a decline in direct operating, distribution & marketing expenses. Segment profit turned positive to $98.5 million from a $16.0 million loss in 1H23, and segment margin improved 1,440 bps YoY to 12.3%.

Studio Business (Spin-Off): Studio Business consists of a Motion Picture segment and a Television Production segment.

2. Motion Picture segment

($ million)	2Q24	2Q23	YoY%	1H24	1H23	YoY%
Revenue	395.9	224.0	76.7%	802.5	502.8	59.6%
Segment profit	67.5	55.5	21.6%	136.8	106.1	28.9%
Operating income margin	17.0%	24.8%	-770 bps	17.0%	21.1%	-410 bps

Source: Company Data

2Q24

In 2Q24, Motion Pictures reported a total revenue of $395.9 million, up 76.7% YoY. The rise in total revenues is mainly due to a significant increase in Home Entertainment and Television revenues, slightly offset by lower international revenues. Gross contribution increased 19.7% YoY to $94.2 million in

2Q24 due to higher Motion Picture revenue, partially offset by higher direct operating distribution and marketing expenses. Segment profit increased 21.6% YoY to $$67.5 million. However, segment margin declined 770 bps YoY to 17.0% in 2Q24.

1H24

Motion Pictures revenues surged 59.6% YoY to $802.5 million in 1H24, compared to $502.8 million in 2Q23, mainly driven by Theatrical and Home Entertainment revenue growth and further boosted by Television revenues. The gross contribution of the Motion Picture segment increased 27.1% YoY to $192.9 million, compared to $151.8 million in 1H23, due to higher Motion Picture revenue and lower direct operating expense as a percentage of Motion Picture revenue, partially offset by higher distribution and marketing expense. Segment profit increased by 28.9% YoY to $136.8 million, while segment margin contracted by 410 bps YoY to 17.0%.

3. Television Production segment

($ million)	2Q24	2Q23	YoY%	1H24	1H23	YoY%
Revenue	393.9	430.9	-8.6%	612.4	863.2	-29.1%
Segment profit	63.2	13.6	364.7%	86.0	33	160.6%
Operating income margin	16.0%	3.2%	1290 bps	14.0%	3.8%	1020 bps

Source: Company Data

2Q24

Total Revenues from Television Production were $393.9 million, down 8.6% YoY in 2Q24, reflecting lower domestic television revenue due to fewer third-party television episodes and lower revenue from reality television programs, partially offset by increased Home entertainment revenues. During 2Q24, the Gross contribution of the Television Production segment increased to $77.5 million from $23.8 million in 2Q23, as the lower television production revenue was more than offset by lower direct operating expenses as a percentage of television production revenue. Direct operating expenses as a percentage of television production revenue decreased primarily due to the mix of titles generating revenue, and in particular, included significant revenue from The Continental which has a lower amortization rate. In 2Q24, the segment profit shot up 364.7% YoY to $63.2 million, while the margin expanded by 1,290 bps to 16.0%.

1H24

In 1H24, Television business revenues declined 29.1% YoY to $612.4 million due to lower Domestic television revenue due to fewer television episodes delivered and a decrease in intersegment revenues from licensing Starz original series to Starz Networks. International revenue decreased 31.3% YoY in 1H24 due to a decline of $38.9 million from intersegment revenues from the licensing of Starz original series to LIONSGATE+ and decreased third-party revenue in 1H24. However, the Gross contribution of the Television Production segment increased to $113.0 million from $54.3 million, up 108.1% YoY, as the lower television production revenue was more than offset by lower direct operating expenses as a percentage of television production revenue. Direct operating expenses as a percentage of television production revenue decreased primarily due to the mix of revenue-generating titles. In particular, 1H24 included significant revenue from The Continental, which has a lower amortization rate. In 1H24, the segment profit surged by 160.6% YoY to $86.0 million, while the margin increased to 14.0% from 3.8%.

Valuation

A] Media Networks Business:

EV/EBITDA Valuation: Our $1.25 intrinsic value for the Media Networks business (Previously: $1.50) is based on a FY2025e EV/EBITDA multiple of 7.6x (at a ~16% discount to its peer median multiple of 9.1x). The discount factors in the tough competition with larger and established players such as Disney, Netflix and Amazon and also from close peers such as Warner Bros Discovery. We have assumed an FY2025e combined net debt and minorities of $772 million. Valuation risks include a declining subscriber base, which will affect the Company's financials, and tough competition from larger peers.

2025e EV/Adj EBITDA - Media Networks Business	
($ million except per share data)	
Adj. EBITDA	138.1
Multiple	7.6x
LGF (Stub) - EV	1,049.6
Less: Net Debt / Minorities	772.0
Implied Equity Value	**277.6**
Number of Shares (million)	234.7
Intrinsic Value per share ($)	**$1.25**

Source: Spin-Off Research

Peers

Media Networks Business - Valuation comparison						
Company	Ticker	Price (in LC)	Market Cap	Enterprise Value	EV/EBITDA CY24e	EV/EBITDA CY25e
Netflix Inc	NFLX	$570.42	249,661	258,558	35.2x	27.4x
Amazon.com Inc	AMZN	$159.12	1,644,351	1,733,643	16.4x	14.5x
Walt Disney Co/The	DIS	$95.36	174,539	224,764	12.7x	11.4x
Paramount Global	PARA	$13.80	9,215	24,897	10.5x	9.1x
Sony Group Corp	SONY	$95.39	120,309	149,128	9.2x	8.6x
Comcast Corp	CMCSA	$46.26	186,200	277,862	7.3x	7.1x
Warner Bros Discovery Inc	WBD	$10.62	25,898	69,683	6.6x	6.5x
Mean					*14.0x*	*12.1x*
Median					*10.5x*	*9.1x*

Source: Spin-Off Research

B] Lionsgate Studios Corp (Spin-Off): Post-spin-off, Studio Business will consist of two sub-segments viz. Motion Picture and Television Production.

EV/EBITDA Valuation: Our fair value estimate for Lionsgate Studios Corp (Spin-Off) stands at $11.75 per LGF.A share (Previously: $7.00) based on FY2025e EV/EBITDA multiple of 12.5x (~3% discount to its peer median multiple of 12.9x) for Motion Picture business and 7.2x (~1% premium to its peer median multiple of 7.1x) for Television Production business. Our valuation factors in FY2025e net debt of $1.331 billion and minority interests of $175.0 million. Risks to our fair value include seasonality of poor performance of box office by anticipated releases due to the lesser turnout of crowd/fans resulting in a decline in ticket sales affecting the business's financial performance.

2025e EV/Adj EBITDA - Lionsgate Studios Corp (Spin-off)			
($ million except per share data)	Adj. EBITDA	Multiple	
Motion Picture	257.5	12.5x	3,218.8
Television Production	141.7	7.2x	1,020.2
Studio business (SpinCo) - EV			4,239.0
Less: Net Debt			1,331.0
Less: Minorities			175.0
Implied Equity Value			**2,733.0**
Number of Shares (million)			286.8
Intrinsic Value per Lionsgate Studios share ($)			**$9.50**
Intrinsic Value per Lions Gate Entertainment share ($)			**$11.75**

Source: Spin-Off Research

Peers

Lionsgate Studios Corp - Movies (Spin-Off) - Valuation comparison						
Company	Ticker	Price (in LC)	Market Cap	Enterprise Value	EV/EBITDA CY24e	EV/EBITDA CY25e
Walt Disney Co/The	DIS	$95.36	174,539	224,764	12.7x	11.4x
Sony Group Corp	SONY	$95.39	120,309	149,128	9.2x	8.6x
Paramount Global	PARA	$13.80	9,215	24,897	10.5x	9.1x
Netflix Inc	NFLX	$570.42	249,661	258,558	35.2x	27.4x
Amazon.com Inc	AMZN	$159.12	1,644,351	1,733,643	16.4x	14.5x
Mean					*18.7x*	*15.6x*
Median					*14.6x*	*12.9x*

Lionsgate Studios Corp - Television (Spin-Off) - Valuation comparison						
Company	Ticker	Price (in LC)	Market Cap	Enterprise Value	EV/EBITDA CY24e	EV/EBITDA CY25e
The Walt Disney Co	DIS	$95.36	174,539	224,764	12.7x	11.4x
Sinclair Broadcast Group Inc	SBGI	$96.36	1,072	4,707	8.5x	5.6x
Paramount Global	PARA	$13.80	9,215	24,897	10.5x	9.1x
Altice USA Inc	ATUS	$2.68	1,223	26,326	7.3x	7.4x
Cable One Inc	CABO	$572.87	3,218	6,687	7.3x	7.3x
Gray Television Inc	GTN	$9.92	944	7,612	9.5x	5.4x
EW Scripps Co/The	SSP	$8.97	759	4,193	10.3x	6.9x
TEGNA Inc	TGNA	$15.84	3,120	5,730	7.4x	5.2x
Comcast Corp	CMCSA	$46.26	186,200	277,862	7.3x	7.1x
Charter Communications Inc	CHTR	$377.07	65,061	162,289	7.4x	7.2x
Mean					*8.8x*	*7.3x*
Median					*8.0x*	*7.1x*

Source: Spin-Off Research

C] Lions Gate Entertainment Corp.:

We arrive at a consolidated target price of $13.00 per share (Previously: $8.50) for Lions Gate Entertainment Corp., which implies a potential upside of 22.4% from the current market price of $10.62 as of 1/26. We thereby upgrade our rating ‘Buy’ on the stock.

Consolidated Valuation - Lions Gate (Consolidated)	in $ per LGF.A share
Media Networks business	$1.25
Lionsgate Studios Corp (Spin-Off)	$11.75
Lionsgate (Consolidated) ($ per share)	**$13.00**

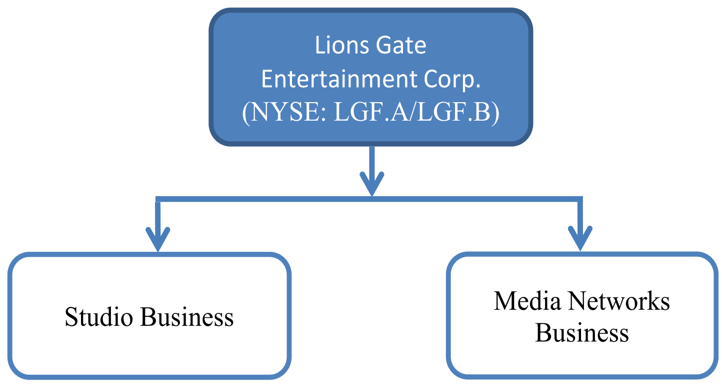
Source: Spin-Off Research

It is worth noting that post-spin-merger Lions Gate Entertainment Corp (Stub) will include its Media networks business and ~87.3% of Lions Gate Studio business.

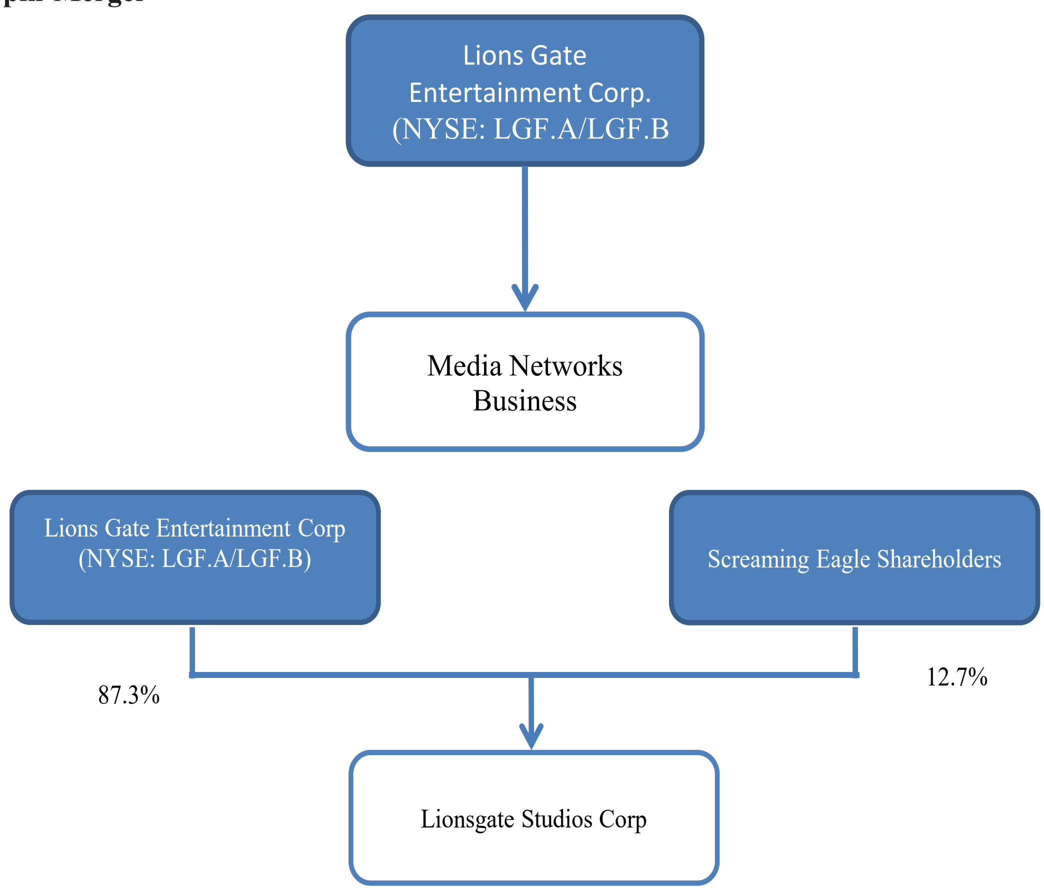
Lions Gate Entertainment (Stub)	
Media Networks business	$1.25
87.3% stake in Lionsgate Studio	$10.25
Lions Gate Entertainment (Stub)	**$11.50**

Organization Structure

Pre Spin-Off



Post Spin-Merger



Source: Spin-Off Research

* 87.3% stake in Lionsgate Studios Corp post spin-merger

Company Description

Lions Gate Entertainment Corp. (Parent)

Lions Gate Entertainment Corp. engages in film, television, subscription, and location-based entertainment businesses in the United States, Canada, and internationally. The Company operates through three segments: Motion Picture, Television Production, and Media Networks. In FY23, the Company recorded total revenues of $3.9 billion.

Post-spin-off, the Company is expected to retain the Media Networks segment. Media Networks consists of the following product lines (i) Starz Networks, which includes the domestic distribution of STARZ branded premium subscription video services through over-the-top (O.T.T.) platforms and U.S. multichannel video programming distributors ("MVPDs"), including cable operators, satellite television providers and telecommunication companies (collectively, "Distributors") and on a direct-to-consumer basis through the Starz App and (ii) LIONSGATE+, which represents revenues primarily from the O.T.T. distribution of the STARZ premium subscription video services outside of the U.S. (formerly STARZPLAY International). The Company strategically has decided to exit seven LIONSGATE+ (formerly STARZPLAY International) international territories, France, Germany, Italy, Spain, Benelux, the Nordics, and Japan, to streamline the business. Moreover, after the spin-merger, the Company will hold ~87.3% stake in Lionsgate Studio. For FY23, the Media Networks business recorded revenues before intersegment eliminations of $1.5 billion.

Studio Business (Spin-Off)

Post-spin-off, Studio Business will include Motion Picture and Television Production segments. For FY23, the studio business recorded revenues before intersegment eliminations of $3.1 billion.

Motion Picture- Motion Picture consists of the development and production of feature films, acquisition of North American and worldwide distribution rights, North American theatrical, home entertainment, and television distribution of feature films produced and acquired, and worldwide licensing of distribution rights to feature films produced and acquired.

Television Production- Television Production consists of developing, producing, and distributing television productions, including television series, movies and mini-series, and non-fiction programming. Television Production includes licensing Starz original series productions to Starz Networks and LIONSGATE+ and the ancillary market distribution of Starz original productions and licensed products. Additionally, the Television Production segment includes the results of the operations of 3 Arts Entertainment.

Lionsgate Studios Corp. (Merged Entity)

The spun-off Studio Business will be combined with Screaming Eagle Acquisition Corp. (Nasdaq: SCRM) to form Lionsgate Studios Corp (Merged Entity). Lions Gate shareholders would receive stock representing 87.3% of the merged entity while Screaming Eagle shareholders would own 12.7%. At present, Screaming Eagle Acquisition Corp. (Nasdaq: SCRM) is a publicly traded company formed to merge with Studio Business. Post Spin-Merger, Lionsgate Studios will be a platform-agnostic, pure-play content company with a deep portfolio of franchise properties, including The Hunger Games, John Wick, The Twilight Saga and Ghosts, a robust film and television production and distribution business, a leading talent management and production company and a world-class film and television library.

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