

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: **March 31, 2020**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: **000-31810**

Cinedigm Corp.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

22-3720962

(I.R.S. Employer Identification No.)

237 West 35th Street, Suite 605, New York, NY

(Address of principal executive offices)

10001

(Zip Code)

(212) 206-8600

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
CLASS A COMMON STOCK, PAR VALUE \$0.001 PER SHARE	CIDM	NASDAQ GLOBAL MARKET

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

NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company 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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the issuer based on a price of \$0.89 per share, the closing price of such common equity on the Nasdaq Global Market, as of September 30, 2019, was \$12,655,319. For purposes of the foregoing calculation, all directors, officers and shareholders who beneficially own 10% of the shares of such common equity have been deemed to be affiliates, but the Company disclaims that any of such persons are affiliates.

As of July 1, 2020, 103,292,470 shares of Class A Common Stock, \$0.001 par value were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

NONE.

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FORWARD-LOOKING STATEMENTS

Various statements contained in this report or incorporated by reference into this report constitute “forward-looking statements” within the meaning of the federal securities laws. Forward-looking statements are based on current expectations and are indicated by words or phrases such as “believe,” “expect,” “may,” “will,” “should,” “seek,” “plan,” “intend” or “anticipate” or the negative thereof or comparable terminology, or by discussion of strategy. Forward-looking statements represent as of the date of this report our judgment relating to, among other things, future results of operations, growth plans, sales, capital requirements and general industry and business conditions applicable to us. Such forward-looking statements are based largely on our current expectations and are inherently subject to risks and uncertainties. Our actual results could differ materially from those that are anticipated or projected as a result of certain risks and uncertainties, including, but not limited to, a number of factors, such as:

- successful execution of our business strategy, particularly for new endeavors;
- the performance of our targeted markets;
- competitive product and pricing pressures;
- changes in business relationships with our major customers;
- successful integration of acquired businesses;
- the content we distribute through our in-theatre, on-line and mobile services may expose us to liability;
- general economic and market conditions;
- the effect of our indebtedness on our financial condition and financial flexibility, including, but not limited to, the ability to obtain necessary financing for our business;
- disruptions to our business due to the COVID-19 pandemic, including workforce inability to perform in the ordinary course due to illness or access restrictions; and
- the other risks and uncertainties that are set forth in Item 1, “Business”, Item 1A “Risk Factors” and Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. Except as otherwise required to be disclosed in periodic reports required to be filed by public companies with the Securities and Exchange Commission (“SEC”) pursuant to the SEC’s rules, we have no duty to update these statements, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, we cannot assure you that the forward-looking information contained in this report will in fact transpire.

In this report, “Cinedigm,” “we,” “us,” “our” and the “Company” refers to Cinedigm Corp. and its subsidiaries unless the context otherwise requires.

PART I

ITEM 1. BUSINESS

OVERVIEW

Cinedigm Corp. was incorporated in Delaware on March 31, 2000 (“Cinedigm”, and collectively with its subsidiaries, the “Company”). We are (i) a leading distributor and aggregator of independent movie, television and other short form content managing a library of distribution rights to thousands of titles and episodes released across digital, physical, and home and mobile entertainment platforms as well as (ii) a leading servicer of digital cinema assets on over 12,000 domestic and foreign movie screens.

Since our inception, we have played a significant role in the digital distribution revolution that continues to transform the media landscape. In addition to our pioneering role in transitioning over 12,000 movie screens from traditional analog film prints to digital distribution, we have become a leading distributor of independent content, both through organic growth and acquisitions. We distribute products for major brands such as Hallmark, Televisa, ITV, Nelvana, ZDF, Shout! Factory, NFL, NHL and Scholastic as well as leading international and domestic content creators, movie producers, television producers and other short form digital content producers. We collaborate with producers, major brands and other content owners to market, source, curate and distribute quality content to targeted audiences through (i) existing and emerging digital home entertainment platforms, including Apple, Amazon Prime, Netflix, Hulu, Xbox, PlayStation, Vudu and cable/satellite video-on-demand (“VOD”) and (ii) packaged distribution of DVD and Blu-ray discs to wholesalers and retailers with sales coverage to over 60,000 brick and mortar storefronts, including Walmart, Target, Best Buy and Amazon. In addition, we operate a growing

portfolio of owned and operated over-the-top ("OTT") streaming entertainment channels. Finally, Cinedigm also operates Matchpoint, a software-as-a-service platform to automate the distribution of streaming content and OTT channels.

As previously announced, on December 27, 2019, the Company entered into, and on February 14, 2020 amended, (see Note 2 - *Summary of Significant Accounting Policies*), a stock purchase agreement (as so amended, the "Stock Purchase Agreement") with BeiTai Investment LP ("BeiTai"), a related party for accounting purposes of Cinedigm, and Aim Right Ventures Limited ("Aim Right"), two shareholders of Starrise Media Holdings Limited, a leading Chinese entertainment company ("Starrise"), and related party, to buy from them an aggregate of 410,901,000 outstanding Starrise ordinary shares (the "Share Acquisition"). On February 14, 2020, the Company purchased 162,162,162 of the Starrise ordinary shares from BeiTai and issued to BeiTai 21,646,604 shares of its Class A common stock in consideration. On April 10, 2020, the Company, in accordance with the terms of the Stock Purchase Agreement, terminated its obligation to purchase Starrise ordinary shares from Aim Right under the December 27, 2019 stock purchase agreement.

On April 10, 2020, the Company entered into another stock purchase agreement (the "April Stock Purchase Agreement") with five (5) shareholders of Starrise-Bison Global Investment SPC - Bison Global No. 1 SP, Huatai Investment LP, Antai Investment LP, Mingtai Investment LP and Shangtai Asset Management LP, to buy an aggregate of 223,380,000 outstanding Starrise ordinary shares from them and for the Company to issue to them an aggregate of 29,855,081 shares of its Class A common stock in consideration therefor (the "April Share Acquisition"). On April 15, 2020, the April Share Acquisition was consummated and this transaction was also recorded as an equity investment in Starrise. Mingtai is indirectly managed by a subsidiary BFGL, which is controlled by Peixin Xu, one of our directors. BFGL's subsidiary acts as a manager of Bison Global. Shangtai and Hutai are indirectly managed by a subsidiary of BFGL. Peixin Xu controls the manager of the general partner of Antai.

As of June 29, 2020, the market value of Cinedigm's ownership in Starrise ordinary shares was approximately \$35.1 million.

On April 17, 2020, the Company received notice from Nasdaq that it has suspended, effective April 16, 2020 and until June 30, 2020, relevant grace periods to regain compliance with the Bid Price Rule and the MVPHS Rule due to the global market impact caused by COVID-19. Specifically, (x) no delisting will occur until July 1, 2020, and any extension to reach compliance with the Bid Price Rule, if granted by the Panel, will be further extended by the duration of the suspension, and (y) the Company now has until August 29, 2020 to regain compliance with the MVPHS Rule.

On May 7, 2020, the Company was notified by The Nasdaq Stock Market LLC that the previously disclosed market value of publicly held securities deficiency relating to the Company's Class A Common Stock has been cured, that the Company is in compliance with Nasdaq listing criteria, and, as a result, this Nasdaq listing matter has been closed.

On June 17, 2020, the Company was notified by Nasdaq that the bid price deficiency of the Company's Class A Common Stock has been cured and that Company is in compliance Nasdaq Listing Rule 545(a)(1), and that Nasdaq considers the matter closed.

Risk and Uncertainties

The COVID-19 pandemic and related economic repercussions have created significant volatility, uncertainty, and turmoil in certain industries. Closures of certain entertainment facilities and retail locations have significantly impacted consumers' behaviors as a result of the virus outbreak and corresponding preventative measures taken around the world to mitigate the spread of the virus. As part of our Content & Entertainment business, we sell physical goods, including DVDs and Blu-ray discs, at brick-and-mortar stores. Many of such stores in the United States closed during the spring of 2020 due to COVID-19 restrictions, and many of those have not yet re-opened, or have re-opened on a limited basis. We expect that we will experience a loss of sales of such physical goods due to such closures, and we cannot predict the extent of such losses, or how long the closures or limited openings of the stores may last. As part of our Cinema Equipment business, we earn revenues that are generated when movies are exhibited by theatres. Many movie theatres in the United States temporarily closed during the spring of 2020 due to COVID-19 restrictions due to mandatory theatre shut down. To the extent movies are not shown in movie theatres due to the closures, we have not received, and will not receive, related revenue. The studios that produce movies may elect to delay the release of movies until theatres re-open, or to bypass exhibiting movies in theatres at all and distribute the movies through other means, such as on streaming platforms, in which case we would not earn revenues at all from such movies.

These events have negatively affected, and are expected to continue to negatively affect, our business and results of operations. Given the dynamic nature of these events, we cannot reasonably estimate the period of time that the COVID-19 pandemic and related closures and market conditions will persist, or the extent of the impact they will have on our business or results of operations and financial condition.

The COVID-19 pandemic has created short term uncertainty related to the movie exhibition industry which impacts the Digital Cinema business. As a result of COVID-19, studios have temporarily halted distribution of new content to movie theatres due to mandatory theatre shutdown. The temporary theatre closures resulting from the COVID-19 pandemic will result in reduced revenues that service the Prospect Loan. We do not yet know the full impact of such reduced revenues or whether our ability to service the Prospect Loan will be materially affected.

CONTENT & ENTERTAINMENT

Content Distribution and our OTT Entertainment Channels and Applications

Cinedigm Entertainment Group, or CEG, is a leading independent content distributor in North America as well as an innovator and leader in the quickly evolving OTT streaming channel business. We are unique among most independent distributors because of our direct relationships with thousands of physical retail locations and digital platforms, including Walmart, Target, Apple, Netflix and Amazon, as well as the national Video on Demand platforms. Our library of films and television episodes encompass award winning documentaries from Docurama Films®, acclaimed independent films, festival picks and a wide range of content from brand name suppliers, including Scholastic, NFL, Shout! Factory and Hallmark.

Additionally, we are leveraging our infrastructure, technology, content and distribution expertise to rapidly and cost effectively build and expand our OTT digital network business. Our first channel, Docurama, launched in 2014 as an advertising supported video on demand service ("AVOD") across most Internet connected devices and now contains hundreds of documentary films to stream. In 2015, we added a subscription tier for the Docurama service with its launch on Amazon Prime. In March 2015, we launched CONtv in partnership with Wizard World, Inc., a fandom and pop culture entertainment channel and "Freemium" service with both AVOD and SVOD components. Our Freemium business model provides users with free content and the ability to upgrade to a selection of premium services by paying subscription fees. CONtv is one of the largest Freemium OTT channels available in terms of hours of content, with over 2,500 hours of film and television episodes, including original programs and live coverage of Comic-Con and pop culture events from around the country. In the fall of 2015, we introduced our third OTT channel, The Dove Channel, which is a family entertainment service providing high-quality film and television programs approved by the Dove Foundation. In 2018, we launched two channels: COMBAT GO, a 24/7, mixed martial arts, worldwide combat channel, and Hallypop, an Asian music and culture channel. Both of these channels premiered as linear FAST or "Free ad-supported TV" channels, which are broadly available on virtual and traditional cable systems like Comcast Xfinity and Dish Network's Sling TV, on OEM smart TVs such as Samsung, Vizio and LG, and via popular apps featuring streaming channels such as Xumo, PlutoTV and The Roku Channel. Beginning in 2019, the Company has rolled out all of Cinedigm's proprietary networks as FAST linear channels, and anticipates having 15 live networks by the end of the third quarter of 2020. The Company plans on expanding the portfolio of owned and operated networks to at least 30 within the next 18 months.

We distribute our OTT content in two distinct ways: direct to consumer, through major application platforms such as the web, iOS, Android, Roku, AppleTV, Amazon Fire, Vizio, and Samsung; and through third party distributors of content on emerging platforms such as Amazon Prime, Twitch, Xumo and Sling/ Dish, and a wide variety of Smart TV manufacturers globally. Through our rapidly expanding base of distribution arrangements, Cinedigm has an estimated addressable device footprint of more than 330 million devices in North America and more than 370 million internationally. Our focus in the near term will be to expand our market position in the FAST and AVOD segments of the streaming industry, taking advantage of the shift of more than \$70 billion dollars in television advertising revenue to the OTT market. We believe our scale channel portfolio, our superior capabilities in launching and managing channels at scale, and our strategic partnerships with key content owners and platforms will provide us a strategic advantage to gain considerable market share in the immediate future.

Broadly speaking, CEG has focused its activities in the areas of: (1) ancillary market aggregation and distribution of entertainment content, and (2) branded and curated over-the-top OTT digital network business providing entertainment channels and applications. With these complementary entertainment distribution capabilities, we believe that we are capitalizing on the key drivers of value that we believe are critical to success in content distribution going forward. Our CEG segment holds direct relationships with physical retail locations and digital platforms, including Walmart, Target, Apple, Netflix and Amazon, as well as the national Video on Demand platforms.

Our Strategy

Direct to consumer digital distribution of film and television content over the Internet is rapidly growing. We believe that our large library of film and television episodes, long-standing relationships with digital platforms, up-to-date technologies and four years of experience operating OTT channels, will allow us to continue to build a diversified portfolio of narrowcast OTT channels that generate recurring revenue streams from advertising, merchandising and subscriptions. We plan to launch niche

channels that make use of our existing library of titles, while partnering with strong brands that bring name recognition, marketing support and an existing customer base for new channel opportunities.

Rapid changes in the entertainment landscape require that we continually refine our strategy to adapt to new technologies and consumer behaviors. For example, we have added acquisitions of home entertainment content to focus on long-term partnerships with producers of high quality, cast-driven, genre content, to our traditional catalog-based titles business. In recent years, we acquired all North American distribution rights to a variety of new and original films to fill an underserved audience. In addition, we have accelerated our efforts to be a leader in the OTT digital network business, where we can leverage our existing technology infrastructure and content library, in partnership with well-known brands, to distribute our content direct-to-consumers.

We believe that we are well positioned to succeed in the OTT channel business for the following key reasons:

- More than 12 years of experience as a primary distributor of content to scale 3rd party OTT platforms such as Netflix, Hulu, Amazon Prime, Apple iTunes and more, and nearly six years of history operating OTT channels with millions of downloads, hundreds of thousands of registered users, and hundreds of millions of discrete data points on our customer's behavior and preferences,
- The depth and breadth of our almost 50,000 title film and television episode library,
- Our digital assets and deep, long-standing relationships as launch partners that cover the major digital platforms and devices,
- Our marketing expertise,
- Our flexible releasing strategies, which differ from larger entertainment companies that need to protect their legacy businesses, and
- Our experienced management team

We expect to expand our business in China. In November 2017, Bison, a Hong Kong-based entity that does business in mainland China as well as other locations, became our majority owner. We anticipate that Bison's presence and relationships in China will provide us with assistance in expanding our business to China. In January 2018, we announced a strategic alliance with Starrise Media Holdings Limited, a leading Chinese entertainment company whose ordinary shares are listed on the Hong Kong Stock Exchange ("Starrise"), to release films in China theatrically and to digital platforms, and to evaluate opportunities to jointly produce Chinese/American film co-productions.

Intellectual Property

We own certain copyrights, trademarks and Internet domain names in connection with the Content & Entertainment business. We view these proprietary rights as valuable assets. We maintain registrations, where appropriate, to protect them and monitor them on an ongoing basis.

Customers

For the fiscal year ended March 31, 2020, two customers, Amazon and Walmart each represented 10% or more of CEG's revenues and approximately 10% of our consolidated revenues.

Competition

Numerous companies are engaged in various forms of producing and distributing independent movies and alternative content. These competitors may have significantly greater financial, marketing and managerial resources than we do, may have generated greater revenue and may be better known than we are at this time.

Competitors to our Content & Entertainment segment are as follows:

- Entertainment One (eOne) Ltd.
- IFC Entertainment
- Lionsgate Entertainment
- Magnolia Pictures
- RLJ Entertainment, Inc.
- AMC Networks

CINEMA EQUIPMENT BUSINESS

As discussed above, we have retrospectively recast the operating segments for the prior period. The Phase I Deployment and Phase II Deployment operations consist of the following:

Operations of:	Products and services provided:
Cinema Equipment Business	<p>Financing vehicles and administrators for 3,344 Systems installed nationwide in our first deployment phase ("Phase I Deployment") to theatrical exhibitors and for 3,761 Systems installed domestically and internationally in our second deployment phase ("Phase II Deployment").</p> <p>We retain ownership of our digital cinema equipment (the "Systems") and the residual cash flows related to the Systems in Phase I Deployment after the</p> <p>For certain Phase II Deployment Systems, we do not retain ownership of the residual cash flows and digital cinema equipment in Phase II Deployment after the completion of cost recoupment and at the expiration of the exhibitor master license agreements.</p> <p>The Cinema Equipment Business also provides monitoring, collection, verification and management services to this segment, as well as to exhibitors who purchase their own equipment, and also collects and disburses VPFs from motion picture studios, and distributors and ACFs from alternative content providers, movie exhibitors and theatrical exhibitors (collectively, "Services").</p>

PHASE I DEPLOYMENT AND PHASE II DEPLOYMENT

In June 2005, we formed our Phase I Deployment segment in order to purchase up to 4,000 Systems under an amended framework agreement with Christie Digital Systems USA, Inc. ("Christie"). As of March 31, 2020, Phase I Deployment had 3,344 Systems installed.

In October 2007, we formed our Phase II Deployment segment for the administration of up to 10,000 additional Systems. As of March 31, 2020, Phase II Deployment had 3,761 of such Systems installed.

Our Phase I Deployment and Phase II Deployment segments own and license Systems to theatrical exhibitors and collect virtual print fees ("VPFs") from motion picture studios and distributors, as well as alternative content fees ("ACFs") from alternative content providers and theatrical exhibitors, when content is shown on exhibitors' screens. We have licensed the necessary software and technology solutions to the exhibitor and have facilitated the industry's transition from analog (film) to digital cinema. As part of the Phase I Deployment of our Systems, we have agreements with nine motion picture studios and certain smaller independent studios and exhibitors, allowing us to collect VPFs and ACFs when content is shown in theatres, in exchange for having facilitated and financed the deployment of Systems. Phase I DC has agreements with 23 theatrical exhibitors that license our Systems in order to show digital content distributed by the motion picture studios and other providers, including Content & Entertainment, which is described below.

Beginning in December 2015, certain of our cinema equipment began to reach the conclusion of their 10-year deployment payment period with certain distributors and, therefore, revenues ceased to be recognized on such Systems, related to such distributors. Furthermore, because the Phase I Deployment installation period ended in November 2007, a majority of the VPF revenue associated with the Phase I Deployment Systems has ended. As of March 31, 2020, all of our 3,344 systems from the Phase I Deployment phase of our cinema equipment business segment had ceased to earn a significant portion of VPF revenue from certain major studios, although various other studios, consisting mostly of small independent studios, will continue to pay VPFs through December 2020. We expect to continue to earn such ancillary revenue from the cinema equipment segment through December of 2020; however, such amounts are expected to be significantly less material to our consolidated financial statements. The reduction in VPF revenue on cinema equipment business systems approximately coincided with the conclusion of certain of our non-recourse debt obligations and, therefore, the reduced cash outflows related to such non-recourse debt obligations partially offset the reduced VPF revenue since November 2017.

Under the terms of our standard cinema equipment licensing agreements, exhibitors will continue to have the right to use our Systems through the end of the term of the licensing agreement, after which time, they have the option to: (1) return the Systems to us; (2) renew their license agreement for successive one-year terms; or (3) purchase the Systems from us at fair

market value. As permitted by these agreements, we have begun, and expect to continue, to pursue the sale of the Systems to such exhibitors. Such sales were as originally contemplated as the conclusion of the digital cinema deployment plan. Cinedigm completed the sale of approximately 152 digital projection Systems for an aggregate sales price of approximately \$1.6 million during the year ended March 31, 2020.

Our Phase II Deployment segment has entered into digital cinema deployment agreements with eight motion picture studios, and certain smaller independent studios and exhibitors, to distribute digital movie releases to exhibitors equipped with our Systems, for which we and our wholly owned, non-consolidated subsidiary Cinedigm Digital Funding 2, LLC ("CDF2 Holdings") earn VPFs. As of March 31, 2020, our Phase II Deployment segment has master license agreements with 106 exhibitors covering 3,761 screens, whereby the exhibitors agreed to install our Systems. As of March 31, 2020, we had 3,761 Phase 2 DC Systems installed, including 2,346 screens under the exhibitor-buyer structure ("Exhibitor-Buyer"), 1,415 screens covering 23 exhibitors through CDF2.

Exhibitors paid us an installation fee of up to \$2.0 thousand per screen out of the VPFs collected by our Services segment. We manage the billing and collection of VPFs and remit to exhibitors all VPFs collected, less an administrative fee of approximately 10%. For Phase 2 DC Systems we own and finance on a non-recourse basis, we typically received a similar installation fee of up to \$2.0 thousand per screen and an ongoing administrative fee of approximately 10% of VPFs collected. We have recorded no debt, property and equipment, financing costs or depreciation in connection with Systems covered under the Exhibitor-Buyer Structure and CDF2 Holdings.

VPFs are earned pursuant to contracts with movie studios and distributors, whereby amounts are payable to our Phase I and Phase II deployment businesses according to fixed fee schedules, when movies distributed by studios are displayed in movie theatres using our installed Systems. One VPF is payable to us upon the initial booking of a movie, for every movie title displayed per System. Therefore, the amount of VPF revenue that we earn depends on the number of unique movie titles released and displayed using our Systems. Our Phase II Deployment segment earns VPF revenues only for Systems that it owns.

Our Phase II Deployment agreements with distributors require payment of VPFs for ten years from the date that each system is installed; however, we may no longer collect VPFs once "cost recoupment," as defined in the contracts with movie studios and distributors, is achieved. Cost recoupment will occur once the cumulative VPFs and other cash receipts collected by us have equaled the total of all cash outflows, including the purchase price of all Systems, all financing costs, all "overhead and ongoing costs," as defined, subject to maximum agreed upon amounts during the four-year roll-out period and thereafter. Furthermore, if cost recoupment occurs before the end of the eighth contract year, a one-time "cost recoupment bonus" is payable to us by the studios. Cash flows, net of expenses, received by our Phase II Deployment business, following the achievement of cost recoupment, must be returned to the distributors on a pro-rata basis. At this time, we cannot estimate the timing or probability of the achievement of cost recoupment.

Customers

No single Phase I or Phase II customer comprised more than 10% of our consolidated revenue.

Seasonality

Revenues earned by our Cinema Equipment Business segment from the collection of VPFs from motion picture studios are seasonal, coinciding with the timing of releases of movies by the motion picture studios. Generally, motion picture studios release the most marketable movies during the summer and the winter holiday season. The unexpected emergence of a hit movie during other periods can alter the traditional trend. The timing of movie releases can have a significant effect on our results of operations, and the results of one quarter are not necessarily indicative of results for the next quarter or any other quarter. The seasonality of motion picture exhibition; however, has become less pronounced as the motion picture studios are releasing movies somewhat more evenly throughout the year.

SERVICES

Our Services segment provides monitoring, billing, collection, verification and other management services to Phase 1 DC and Phase 2 DC as well as to exhibitor-buyers who purchase their own equipment. Our Services segment provides such services to the 3,344 screens in the Phase I Deployment for a monthly service fee equal to 5% of the VPFs earned by Phase 1 DC and an incentive service fee equal to 2.5% of the VPFs earned by Phase 1 DC. The Services segment also provides services to the 3,761 Phase II Systems deployed, for which we typically receive a monthly fee of approximately 10% of the VPFs earned by Phase 2 DC. The total Phase II service fees are subject to an annual limitation under the terms of our agreements with motion picture studios and are determined based upon the respective Exhibitor-Buyer Structure, or CDF2 agreements. Unpaid service fees in any period remain an obligation to Phase 2 DC in the cost recoupment framework. Such fees are not recognized as income or accrued as an asset on our balance sheet given the uncertainty of the receipt and the timing thereof as future movie release and bookings are not known. Service fees are accrued and recognized only on deployed Phase II Systems. As a result, the annual service fee limitation is variable until these fees are paid.

In February 2013, we (i) assigned to our wholly owned subsidiary, Cinedigm DC Holdings LLC (“DC Holdings”), the right and obligation to service the digital cinema projection systems from the Phase I Deployment and certain systems that were part of the Phase II Deployment, (ii) delegated to DC Holdings the right and obligation to service certain other systems that were part of the Phase II Deployment and (iii) assigned to DC Holdings the right to receive servicing fees from the Phase I and Phase II Deployments. We also transferred to DC Holdings certain of our operational staff whose responsibilities and activities relate solely to the operation of the servicing business and to provide DC Holdings with the right to use the supporting software and other intellectual property associated with the operation of the servicing business.

Our Services segment also has international servicing partnerships in Australia and New Zealand with the Independent Cinema Association of Australia and is currently servicing 107 screens as of March 31, 2020.

Competition

Our Services segment faces limited competition domestically in its digital cinema services business as the major Hollywood movie studios have only signed digital cinema deployment agreements with five entities, including us, and the deployment period in North America is now complete. Competitors include: Digital Cinema Implementation Partners (“DCIP”), a joint venture of three large exhibitors (Regal Entertainment Group, AMC Entertainment Holdings, Inc. and Cinemark Holdings, Inc.) focused on managing the conversions of those three exhibitors; Sony Digital Cinema, to support the deployment of Sony projection equipment; Christie Digital USA, Inc., to support the deployment of Christie equipment; and GDC, Inc., to support the deployment of GDC equipment. We have a significantly greater market share than all other competitors except for the DCIP consortium, which services approximately 18,000 total screens representing its consortium members.

As we expand our servicing platform internationally, additional competitors beyond those listed above consist of Arts Alliance, Inc., a leading digital cinema servicer focused on the European markets, and GDC, as well as other potential local start-ups seeking to service a specific international market. We typically seek to partner with a leading local entity to combine our efficient servicing infrastructure and strong studio relationships with the necessary local market expertise and exhibitor relationships.

ENVIRONMENTAL

The nature of our business does not subject us to environmental laws in any material manner.

EMPLOYEES

As of March 31, 2020, we had 72 employees, with 2 part-time and 70 full-time, of which 18 are in sales and marketing, 23 are in operations, and 29 are in executive, finance, technology and administration functions.

AVAILABLE INFORMATION

Our Internet website address is www.cinedigm.com. We will make available, free of charge at the “Investor Relations - Financial Information” section of our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and all amendments to those reports and statements filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC.

In addition, the SEC maintains a website that contains reports, proxy and information statements, and other information regarding companies that file electronically with the Commission. This information is available at www.sec.gov, the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549 or by calling 1-800-SEC-0330.

ITEM 1A. RISK FACTORS

Risks Related to our Business

We maintain a substantial amount of outstanding indebtedness, which could impair our ability to operate our business and react to changes in our business, remain in compliance with debt covenants and make payments on our debt.

We maintain a substantial amount of outstanding indebtedness, which could impair our ability to operate our business and react to changes in our business, remain in compliance with debt covenants and make payments on our debt. Our level of indebtedness could have important consequences, including, without limitation:

- requiring a substantial portion of our cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- limiting our ability to pursue our growth strategy or, including restricting us from making strategic acquisitions or causing us to make nonstrategic divestitures;
- placing us at a disadvantage compared to our competitors who are less leveraged and may be better able to use their cash flow to fund competitive responses to changing industry, market or economic conditions; and
- making us more vulnerable in the event of a downturn in our business, our industry or the economy in general.

In addition, our current credit facilities contain, and any future credit facilities will likely contain, covenants and other provisions that restrict our operations. These restrictive covenants and provisions could limit our ability to obtain future financing, make needed capital expenditures, withstand a future downturn in our business or the economy in general, or otherwise conduct necessary corporate activities, and may prevent us from taking advantage of business opportunities that arise in the future. If we refinance our credit facilities, we cannot guarantee that any new credit facility will not contain similar covenants and restrictions.

We face the risks of doing business in new and rapidly evolving markets and may not be able successfully to address such risks and achieve acceptable levels of success or profits.

We have encountered and may continue to encounter the challenges, uncertainties and difficulties frequently experienced in new and rapidly evolving markets, including:

- limited operating experience;
- net losses;
- lack of sufficient customers or loss of significant customers;
- a changing business focus;
- the downward trend in sales of physical DVD and Blu-ray discs;
- rapidly-changing technology for some of the products and services we offer; and
- difficulties in managing potentially rapid growth.

We expect competition to be intense. If we are unable to compete successfully, our business and results of operations will be seriously harmed.

The markets for the digital cinema business and the content distribution business are competitive, evolving and subject to rapid technological and other changes. We expect the intensity of competition in each of these areas to increase in the future. Companies willing to expend the necessary capital to create facilities and/or capabilities similar to ours may compete with our business. Increased competition may result in reduced revenues and/or margins and loss of market share, any of which could seriously harm our business. In order to compete effectively in each of these fields, we must differentiate ourselves from competitors.

Many of our current and potential competitors have longer operating histories and greater financial, technical, marketing and other resources than we do, which may permit them to adopt aggressive pricing policies. As a result, we may suffer from pricing pressures that could adversely affect our ability to generate revenues and our results of operations. Many of our

competitors also have significantly greater name and brand recognition and a larger customer base than us. If we are unable to compete successfully, our business and results of operations will be seriously harmed.

Our plan to acquire additional businesses involves risks, including our inability to complete or integrate an acquisition successfully, our assumption of liabilities, dilution of your investment and significant costs.

Strategic and financially appropriate acquisitions are a key component of our growth strategy. Although there are no acquisitions identified by us as probable at this time, we may make acquisitions of similar or complementary businesses or assets. Even if we identify appropriate acquisition candidates, we may be unable to negotiate successfully the terms of the acquisitions, finance them, integrate the acquired business into our then existing business, obtain required regulatory approvals, and/or attract and retain customers. Completing an acquisition and integrating an acquired business may require a significant diversion of management time and resources and may involve assuming new liabilities. Any acquisition also involves the risks that the assets acquired may prove less valuable than expected and/or that we may assume unknown or unexpected liabilities, costs and problems. If we make one or more significant acquisitions in which any of the consideration consists of our capital stock, your equity interest in the Company could be diluted, perhaps significantly. If we were to proceed with one or more significant acquisitions in which the consideration included cash, we could be required to use a substantial portion of our available cash, or obtain additional financing to consummate them.

Our previous acquisitions involve risks, including our inability to integrate successfully the new businesses and our assumption of certain liabilities.

Our previous acquisitions of businesses and their respective assets also involved the risks that the businesses and assets acquired may prove to be less valuable than we expected and/or that we may assume unknown or unexpected liabilities, costs and problems. In addition, we assumed certain liabilities in connection with these acquisitions and we cannot assure you that we will be able to satisfy adequately such assumed liabilities. Other companies that offer similar products and services may be able to market and sell their products and services more cost-effectively than we can.

We have recorded goodwill impairment charges in the past and may be required to record additional charges to future earnings if our goodwill becomes further impaired or our intangible assets become impaired.

We are required under generally accepted accounting principles to review our goodwill and definite-lived intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill must be tested for impairment at least annually. Factors that may be considered a change in circumstances indicating that the carrying value of our reporting units and intangible assets may not be recoverable include a decline in stock price and market capitalization, slower growth rates in our industry or our own operations, and/or other materially adverse events that have implications on the profitability of our business. We may be required to record additional charges to earnings during any period in which a further impairment of our goodwill or other intangible assets is determined which could adversely affect our results of operations.

If we do not manage our growth, our business will be harmed.

We may not be successful in managing our growth. Past growth has placed, and future growth will continue to place, significant challenges on our management and resources, related to the successful integration of the newly acquired businesses. To manage the expected growth of our operations, we will need to improve our existing, and implement new, operational and financial systems, procedures and controls. We may also need to expand our finance, administrative, client services and operations staffs and train and manage our growing employee base effectively. Our current and planned personnel, systems, procedures and controls may not be adequate to support our future operations. Our business, results of operations and financial position will suffer if we do not effectively manage our growth.

If we are not successful in protecting our intellectual property, our business will suffer.

We depend heavily on technology and viewing content to operate our business. Our success depends on protecting our intellectual property, which is one of our most important assets. We have intellectual property consisting of:

- rights to certain domain names;
- registered service marks on certain names and phrases;
- various unregistered trademarks and service marks;
- film, television and other forms of viewing content;
- know-how; and
- rights to certain logos.

If we do not adequately protect our intellectual property, our business, financial position and results of operations would be harmed. Our means of protecting our intellectual property may not be adequate. Unauthorized parties may attempt to copy aspects of our intellectual property or to obtain and use information that we regard as proprietary. In addition, competitors may be able to devise methods of competing with our business that are not covered by our intellectual property. Our competitors may independently develop similar technology, duplicate our technology or design around any intellectual property that we may obtain.

Although we hold rights to various web domain names, regulatory bodies in the United States and abroad could establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. The relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights is unclear. We may be unable to prevent third parties from acquiring domain names that are similar to or diminish the value of our proprietary rights.

Our substantial debt and lease obligations could impair our financial flexibility and restrict our business significantly.

We now have, and will continue to have, significant debt obligations. We have a credit facility with East West Bank (the "Credit Facility"), of which the principal amount outstanding was \$14.4 million as of March 31, 2020. We have a second lien loan facility (the "Second Secured Lien Notes"), of which the principal amount outstanding was approximately \$ 8.2 million principal amount of Second Secured Lien Notes was outstanding as of March 31, 2020. We also have outstanding two convertible notes, one issued in July 2019 having a principal amount of \$10.0 million (the "2019 Convertible Note") and one issued in October 2018 having a principal amount of \$5.0 million (the "2018 Convertible Note"). We also received a Paycheck Protection Program loan in May 2020 having a principal amount of \$2.1 million, which amount is intended to be eligible for forgiveness, subject to the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act").

As of March 31, 2020, total indebtedness of our consolidated subsidiaries (not including guarantees of our debt) was \$37.7 million, which does not include the loan from Prospect Capital (the "Prospect Loan"). In connection with the Prospect Loan, we provided a limited recourse guaranty pursuant to which Cinedigm guaranteed certain representations and warranties and performance obligations with respect to the Prospect Loan in favor of the collateral agent and the administrative agent for the Prospect Loan. Cinedigm Corp. has provided a limited recourse guaranty in respect of a portion of this indebtedness \$12.2 million as of March 31, 2020 pursuant to which it agreed to become a primary obligor of such indebtedness in certain specified circumstances, none of which have occurred as of the date hereof.

The obligations and restrictions under the Credit Facility, the Prospect Loan, and our other debt obligations could have important consequences for us, including:

- limiting our ability to obtain necessary financing in the future; and
- requiring us to dedicate a substantial portion of our cash flow to payments on our debt obligations,
- thereby reducing the availability of our cash flow to fund working capital, capital expenditures
- and other corporate requirements or expansion of our business.

CDF2 and CDF2 Holdings are our indirect wholly owned, non-consolidated VIEs that are intended to be special purpose, bankruptcy remote entities. CDF2 Holdings has entered into the CHG Lease pursuant to which CHG provided sale/leaseback financing for digital cinema projection systems that were partially financed as part of the Phase II deployment of our Digital Equipment segment. The CHG Lease is non-recourse to Cinedigm and our subsidiaries, excluding our VIEs, CDF2 and CDF2 Holdings, as the case may be. Although the Phase II financing arrangements undertaken by CDF2 and CDF2 Holdings are important to us with respect to the success of our Phase II Deployment, our financial exposure related to the debt of CDF2 and CDF2 Holdings is limited to the \$2.0 million initial investment we made into CDF2 and CDF2 Holdings. CDF2 Holding's total stockholder's deficit at March 31, 2020 was \$31.8 million. We have no obligation to fund the operating loss or the deficit beyond our initial investment, and accordingly, we carried our investment in CDF2 Holdings at \$0 as of March 31, 2020 and 2019.

The obligations and restrictions under the CHG Lease could have important consequences for CDF2 and CDF2 Holdings, including:

- Limiting our ability to obtain necessary financing in the future;
- restricting us from incurring liens on the digital cinema projection systems financed and from
- subleasing, assigning or modifying the digital cinema projection systems financed; and
- requiring them to dedicate a substantial portion of their cash flow to payments on their debt obligations, thereby reducing the availability of their cash flow for other uses.

If we are unable to meet our lease and debt obligations, we could be forced to restructure or refinance our obligations, to seek additional equity financing or to sell assets, which we may not be able to do on satisfactory terms or at all. As a result, we could default on those obligations and in the event of such default, our lenders could accelerate our debt or take other actions that could restrict our operations.

The foregoing risks would be intensified to the extent we borrow additional money or incur additional debt.

The agreements governing the financing of the Credit Facility and the Prospect Loan impose certain limitations on us.

The Credit Facility restricts our ability and the ability of our subsidiaries that have guaranteed the obligations under the Credit Facility, subject to certain exceptions, to, among other things:

- make investments;
- incur other indebtedness or liens;
- create or acquire subsidiaries;
- engage in a new line of business;
- pay dividends;
- sell assets;
- acquire, consolidate with, or merge with or into other companies; and
- enter into transactions with affiliates.

The agreements governing the Prospect Loan restrict the ability of DC Holdings LLC and its subsidiaries, and ADCP2 and its subsidiaries, subject to certain exceptions, to, among other things:

- make certain capital expenditures and investments;
- incur other indebtedness or liens;
- engage in a new line of business;
- sell assets;
- acquire, consolidate with, or merge with or into other companies; and
- enter into transactions with affiliates.

We may not be able to generate the amount of cash needed to fund our future operations.

Our ability either to make payments on or to refinance our indebtedness, or to fund planned capital expenditures and research and development efforts, will depend on our ability to generate cash in the future. Our ability to generate cash is in part subject to general economic, financial, competitive, regulatory and other factors that are beyond our control.

Based on our current level of operations and in conjunction with the cost reduction measures that we have recently implemented and continue to implement, we believe our cash flow from operations, available borrowings and loan and credit agreement terms will be adequate to meet our future liquidity needs through at least the next twelve months. Significant assumptions underlie this belief, including, among other things, that there will be no material adverse developments in our business, liquidity or capital requirements. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as:

- reducing capital expenditures;
- reducing our overhead costs and/or workforce;
- reducing research and development efforts;
- selling assets;
- restructuring or refinancing our remaining indebtedness; and
- seeking additional funding.

We cannot assure you, however, that our business will generate sufficient cash flow from operations, or that we will be able to make future borrowings in amounts sufficient to enable us to pay the principal and interest on our current indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all.

We have incurred losses since our inception.

We have incurred losses since our inception in March 2000 and have financed our operations principally through equity investments and borrowings. As of March 31, 2020, we had negative working capital, defined as current assets less current liabilities, of \$(67.0) million, and cash, cash equivalents and restricted cash totaling \$15.3 million; we have total deficit of \$(19.3) million; however, during the fiscal year ended March 31, 2020, we generated \$7.8 million of net cash flows from operating activities.

Our net losses and cash outflows may increase as and to the extent that we increase the size of our business operations, increase our sales and marketing activities, increase our content distribution rights acquisition activities, enlarge our customer support and professional services and acquire additional businesses. These efforts may prove to be more expensive than we currently anticipate which could further increase our losses. We must continue to increase our revenues in order to become profitable. We cannot reliably predict when, or if, we will become profitable. Even if we achieve profitability, we may not be able to sustain it. If we cannot generate operating income or positive cash flows in the future, we will be unable to meet our working capital requirements.

Many of our corporate actions may be controlled by our officers, directors and principal stockholders; these actions may benefit these principal stockholders more than our other stockholders.

As of June 29, 2020, our directors, executive officers and principal stockholders, those known by us to beneficially own more than 5% of the outstanding shares of our Class A common stock, par value \$0.001 per share (the "Common Stock" or "Class A common stock"), beneficially own, directly or indirectly, in the aggregate, approximately 77.2% of our outstanding Class A common stock. Certain of these stockholders are under the common control of one of our directors. These stockholders, as a group, may have significant influence over our business affairs, with the ability to control matters requiring approval by our security holders, including elections of directors and approvals of mergers or other business combinations. In addition, certain corporate actions directed by our officers may not necessarily inure to the proportional benefit of our other stockholders.

We face risks associated with expanding our business in China.

We expect to expand our business in China. In November 2017, Bison, a Hong Kong-based entity that does business in mainland China as well as other locations, became our majority owner. We anticipate that Bison's presence and relationships in China will provide us with assistance in expanding our business to China. In January 2018, we announced a strategic alliance with Starrise Media Holdings Limited, a leading Chinese entertainment company whose ordinary shares are listed on the Hong Kong Stock Exchange ("Starrise"), to release films in China theatrically and to digital platforms, and to evaluate opportunities to jointly produce Chinese/American film co-productions, and in February and April 2020, we acquired approximately 26% of the outstanding ordinary shares of Starrise. Accordingly, we are exposed to risks of doing business in China. As a result, the economic, political, legal and social conditions in China could have a material adverse effect on our business. In addition, the legal system in China has inherent uncertainties that may limit the legal protections available in the event of any claims or disputes that we may have with third parties, including our ability to protect the intellectual property we use in China. As China's legal system is still evolving, the interpretation of many laws, regulations and rules is not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit the remedies available in the event of any claims or disputes with third parties. Some of the other risks related to doing business in China include:

- the Chinese government exerts substantial influence over the manner in which we must conduct our business activities;
- restrictions on currency exchange may limit our ability to receive and use our cash effectively;
- the Chinese government may favor local businesses and make it more difficult for foreign businesses to operate in China on an equal footing, or generally;
- there are increased uncertainties related to the enforcement of contracts with certain parties; and
- more restrictive rules on foreign investment could adversely affect our ability to expand our operations in China

As a result of our growing operations in China, these risks could have a material adverse effect on our business, results of operations and financial condition.

We are subject to risks from our equity investment in a foreign company.

We own approximately 26% of the outstanding ordinary shares of Starrise, a company that operates in China and whose ordinary shares trade on the Hong Kong Stock Exchange. We have partnered with Starrise in the past, and continue to do so, with respect to the release of U.S.-sourced content in China and China-sourced content in the U.S. We may experience consequences from economic and regulatory events and requirements outside of the United States that affect the value of these shares and their value to us, including changes in regulatory requirements that affect Starrise, fluctuations in international currency exchange rates, volatility in international political and economic environments, public disclosure requirements, and unforeseen developments and conditions, including terrorism, war, epidemics and international tensions and conflicts. No assurance can be made that, if we were to sell these shares on the Hong Kong Stock Exchange in Hong Kong currency, we would receive the full value in U.S. dollars upon repatriating the proceeds, based on fluctuating currency exchange rates.

While the impact of these factors is difficult to predict, any one or more of these factors could adversely affect the value of our investment in the Starrise shares.

CFIUS may modify, delay, or prevent our future acquisition activities or investments in Cinedigm.

Bison is the majority owner of our Class A common stock, and therefore Cinedigm is considered a "foreign person" under the regulations relating to the Committee on Foreign Investment in the United States ("CFIUS"). Acquisitions or investments that Cinedigm may wish to pursue in the future may be subject to CFIUS review. In such a case, Cinedigm and the other party may determine to submit to CFIUS review on a voluntary basis, or to proceed with the transaction and take a risk that CFIUS may retroactively require such a review. CFIUS has the authority to review and potentially block certain acquisitions or investments by foreign persons, or impose conditions with respect to such transactions, which may limit our future endeavors or even prevent us from pursuing transactions that we believe would otherwise be beneficial to us and our stockholders.

Our success will significantly depend on our ability to hire and retain key personnel.

Our success will depend in significant part upon the continued performance of our senior management personnel and other key technical, sales and creative personnel. We do not currently have significant "key person" life insurance policies for any of our employees. We currently have employment agreements with our chief executive officer. If we lose one or more of our key employees, we may not be able to find a suitable replacement(s) and our business and results of operations could be adversely affected. In addition, competition for key employees necessary to create and distribute our entertainment content and software products is intense and may grow in the future. Our future success will also depend upon our ability to hire, train, integrate and retain qualified new employees and our inability to do so may have an adverse impact upon our business, financial condition, operating results, liquidity and prospects for growth.

If we do not respond to future changes in technology and customer demands, our financial position, prospects and results of operations may be adversely affected.

The demand for our Systems and other assets in connection with our digital cinema business (collectively, our "Digital Cinema Assets") may be affected by future advances in technology and changes in customer demands. We cannot assure you that there will be continued demand for our Digital Cinema Assets. Our profitability depends largely upon the continued use of digital presentations at theatres. Although we have entered into long term agreements with major motion picture studios and independent studios (the "Studio Agreements"), there can be no assurance that these studios will continue to distribute digital content to movie theatres. If the development of digital presentations and changes in the way digital files are delivered does not continue or technology is used that is not compatible with our Systems, there may be no viable market for our Systems and related products. Any reduction in the use of our Systems and related products resulting from the development and deployment of new technology may negatively impact our revenues and the value of our Systems.

The demand for DVD products is declining, and we anticipate that this decline will continue. We anticipate, however, that the distribution of DVD products will continue to generate positive cash flows for the Company for the foreseeable future. Should a decline in consumer demand be greater than we anticipate, our business could be adversely affected.

We have concentration in our digital cinema business with respect to our major motion picture studio customers, and the loss of one or more of our largest studio customers could have a material adverse effect on us.

Our Studio Agreements account for a significant portion of our service revenue within Phase 2. Our service fee revenue associated with these studios generated 8% of our consolidated revenues for the fiscal year ended March 31, 2020.

The Studio Agreements are critical to our business. If some of the Studio Agreements were terminated prior to the end of their terms or found to be unenforceable, or if our Systems are not upgraded or enhanced as necessary, or if we had a material failure of our Systems, it may have a material adverse effect on our revenue, profitability, financial condition and cash flows. The Studio Agreements also generally provide that the VPF rates and other material terms of the agreements may not be more favorable to one studio as compared to the others.

Termination of the MLAs and MLAs could damage our revenue and profitability.

The master license agreements with each of our licensed exhibitors (the “MLAs”) are critical to our business as are master license administrative agreements (the “MLAAs”). The MLAs have terms, which expire in 2020 through 2022 and provide the exhibitor with an option to purchase our Systems or to renew for successive one-year periods up to ten years thereafter. The MLAs also require our suppliers to upgrade our Systems when technology necessary for compliance with DCI Specification becomes commercially available and we may determine to enhance the Systems, which may require additional capital expenditures. If any one of the MLAs were terminated prior to the end of its term, not renewed at its expiration or found to be unenforceable, or if our Systems are not upgraded or enhanced as necessary, it would have a material adverse effect on our revenue, profitability, financial condition and cash flows. Additionally, termination of MLAAs could adversely impact our servicing business.

An increase in the use of alternative movie distribution channels and other competing forms of entertainment could drive down movie theatre attendance, which, if causing significant theatre closures or a substantial decline in motion picture production, may lead to reductions in our revenues.

Various exhibitor chains, which are our distributors, face competition for patrons from a number of alternative motion picture distribution channels, such as DVD, network and syndicated television, VOD, pay-per-view television and downloading utilizing the Internet. These exhibitor chains also compete with other forms of entertainment competing for patrons’ leisure time and disposable income such as concerts, amusement parks and sporting events. An increase in popularity of these alternative movie distribution channels and competing forms of entertainment could drive down movie theatre attendance and potentially cause certain of our exhibitors to close their theatres for extended periods of time. Significant theatre closures could in turn have a negative impact on the aggregate receipt of our VPF revenues, which in turn may have a material adverse effect on our business and ability to service our debt.

An increase in the use of alternative movie distribution channels could also cause the overall production of motion pictures to decline, which, if substantial, could have an adverse effect on the businesses of the major studios with which we have Studio Agreements. A decline in the businesses of the major studios could in turn force the termination of certain Studio Agreements prior to the end of their terms. The Studio Agreements with each of the major studios are critical to our business, and their early termination may have a material adverse effect on our revenue, profitability, financial condition and cash flows.

Our success depends on external factors in the motion picture and television industry.

Our success depends on the commercial success of movies and television programs, which is unpredictable. Operating in the motion picture and television industry involves a substantial degree of risk. Each movie and television program is an individual artistic work, and inherently unpredictable audience reactions primarily determine commercial success. Generally, the popularity of movies and television programs depends on many factors, including the critical acclaim they receive, the format of their initial release, for example, theatrical or direct-to-video, the actors and other key talent, their genre and their specific subject matter. The commercial success of movies and television programs also depends upon the quality and acceptance of movies or programs that our competitors release into the marketplace at or near the same time, critical reviews, the availability of alternative forms of entertainment and leisure activities, general economic conditions and other tangible and intangible factors, many of which we do not control and all of which may change. We cannot predict the future effects of these factors with certainty, any of which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. In addition, because a movie’s or television program’s performance in ancillary markets, such as home video and pay and free television, is often directly related to its box office performance or television ratings, poor box office results or poor television ratings may negatively affect future revenue streams. Our success will depend on the experience and judgment of our management to select and develop new content acquisition and investment opportunities. We cannot make assurances that movies and television programs will obtain favorable reviews or ratings, will perform well at the box office or in ancillary markets or that broadcasters will license the rights to broadcast any of our television programs in development or renew licenses to broadcast programs in our library. The failure to achieve any of the foregoing could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

In addition, the motion picture industry has been significantly affected by the COVID-19 pandemic in light of mandatory theatre shutdown, changes to the planned production, distribution and release schedules. The industry may continue to be negatively impacted by delays in the production and release schedules of new motion pictures and TV shows, which may negatively affect our business, financial condition, operating results, liquidity and prospects.

Our business involves risks of liability claims for media content, which could adversely affect our business, results of operations and financial condition.

As a distributor of media content, we may face potential liability for: defamation;

- invasion of privacy;
- negligence;
- copyright or trademark infringement (as discussed above); and
- other claims based on the nature and content of the materials distributed.

These types of claims have been brought, sometimes successfully, against producers and distributors of media content. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Our revenues and earnings are subject to market downturns.

Our revenues and earnings may fluctuate significantly in the future. General economic or other conditions could cause lower than expected revenues and earnings within our digital cinema, technology or content and entertainment businesses. The global economic turmoil of recent years has caused a general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, an unprecedented level of intervention from the U.S. federal government and other foreign governments, decreased consumer confidence, overall slower economic activity and extreme volatility in credit, equity and fixed income markets. While the ultimate outcome of these events cannot be predicted, a decrease in economic activity in the U.S. or in other regions of the world in which we do business could adversely affect demand for our movies, thus reducing our revenue and earnings. While stabilization has continued, it remains a slow process and the global economy remains subject to volatility. Moreover, financial institution failures may cause us to incur increased expenses or make it more difficult either to financing of any future acquisitions, or financing activities. Any of these factors could have a material adverse effect on our business, results of operations and could result in significant additional dilution to shareholders.

Changes in economic conditions could have a material adverse effect on our business, financial position and results of operations.

Our operations and performance could be influenced by worldwide economic conditions. Uncertainty about current global economic conditions poses a risk as consumers and businesses may postpone spending in response to tighter credit, negative financial news and/or declines in income or asset values, which could have a material negative effect on the demand for our products and services. Other factors that could influence demand include continuing increases in fuel and other energy costs, conditions in the residential real estate and mortgage markets, labor and healthcare costs, access to credit, consumer confidence, and other macroeconomic factors affecting consumer-spending behavior. These and other economic factors could have a material adverse effect on demand for our products and services and on our financial condition and operating results. Uncertainty about current global economic conditions could also continue to increase the volatility of our stock price.

Changes to existing accounting pronouncements or taxation rules or practices may affect how we conduct our business and affect our reported results of operations.

New accounting pronouncements or tax rules and varying interpretations of accounting pronouncements or taxation practice have occurred and may occur in the future. A change in accounting pronouncements or interpretations or taxation rules or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. Changes to existing rules and pronouncements, future changes, if any, or the questioning of current practices or interpretations may adversely affect our reported financial results or the way we conduct our business.

Our ability to utilize our net operating loss carryforwards in the future is subject to substantial limitations and we may not be able to use some identified net operating loss carryforwards, which could result in increased tax payments in future periods.

Under Section 382 of the Internal Revenue Code, if a corporation undergoes an ownership change (generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period), the corporation's ability to use its pre-change net operating loss ("NOL") carryforwards to offset its post-change income may be limited. Similar rules may apply under state tax laws. On November 1, 2018, we experienced an ownership change with respect to the Bison acquisition. Accordingly, our ability to utilize our NOL carryforwards attributable to periods prior to November 1, 2018 is subject to substantial limitations. These limitations could result in increased future tax payments, which could be material.

We may experience unanticipated effects of the COVID-19 pandemic.

Our business could be adversely affected by the effects of a widespread outbreak of contagious disease, including the recent outbreak of COVID-19. The impact that the recent COVID-19 pandemic will have on our business is uncertain. Closures of certain entertainment facilities and retail locations have significantly impacted consumers' behaviors as a result of the virus outbreak and corresponding preventative measures taken around the world to mitigate the spread of the virus. As part of our Content & Entertainment business, we sell physical goods, including DVDs and Blu-ray discs, at brick-and-mortar stores. Many of such stores in the United States closed during the spring of 2020 due to COVID-19 restrictions, and many of those have not yet re-opened, or have re-opened on a limited basis. We expect that we will experience a loss of sales of such physical goods due to such closures, and we cannot predict the extent of such losses, or how long the closures or limited openings of the stores may last. As a result of COVID-19, studios have temporarily halted distribution of new content to movie theatres due to mandatory theatre shutdown. Because our digital cinema business earns a Virtual Print Fee when a movie is first played on a system, the temporary theatre closures resulting from the COVID-19 pandemic will result in reduced revenues that service the Prospect Loan. We do not yet know the full impact of such reduced revenues or whether our ability to service the Prospect Loan will be materially affected. We expect the studios to reschedule, once the theatres reopen, the release of those movies originally scheduled during the temporary movie theatre closure. Management believes the cash flows from the Digital Cinema business, including the revenue from the sale of digital cinema projection systems, will be sufficient to pay the Prospect Loan. The Borrower on the Prospect Loan is Cinedigm DC Holdings, LLC and the Prospect Loan is only guaranteed by the digital cinema subsidiaries. Prospect has a security interest in certain digital cinema projection equipment and has no recourse to Cinedigm Corp., Cinedigm Entertainment Corp., Cinedigm Home Entertainment, LLC, OTT Holdings, LLC or any other non-digital cinema legal entity; provided, however, Cinedigm Corp. has provided a limited recourse guaranty pursuant to which it agreed to become a primary obligor of such indebtedness in certain specified circumstances, none of which have occurred as of the date hereof. In addition, we are thinly-staffed and may be affected by illness or difficulty in performance due to geographic or other restrictions experienced by our management and personnel.

These events have negatively affected, and are expected to continue to negatively affect, our business and results of operations. Given the dynamic nature of these events, we cannot reasonably estimate the period of time that the COVID-19 pandemic and related closures and market conditions will persist, or the extent of the impact they will have on our business or results of operations and financial condition.

Risks Related to Class A Common Stock

The liquidity of the Class A common stock is uncertain; the limited trading volume of the Class A common stock may depress the price of such stock or cause it to fluctuate significantly.

Although the Class A common stock is listed on Nasdaq, there has been a limited public market for the Class A common stock and there can be no assurance that a more active trading market for the Common Stock will develop. As a result, you may not be able to sell your shares of Class A common stock in short time periods, or possibly at all. The absence of an active trading market may cause the price per share of the Class A common stock to fluctuate significantly.

Substantial resales or future issuances of our Class A common stock could depress our stock price.

The market price for the Class A common stock could decline, perhaps significantly, as a result of resales or issuances of a large number of shares of the Class A common stock in the public market or even the perception that such resales or issuances could occur. In addition, we have outstanding a substantial number of options and warrants exercisable for shares of Class A common stock that may be exercised or converted in the future. These factors could also make it more difficult for us to raise funds through future offerings of our equity securities.

You will incur substantial dilution as a result of certain future equity issuances.

We have a substantial number of options and warrants currently outstanding which may be immediately exercised for shares of Class A common stock. To the extent that these options or warrants are exercised, or to the extent we issue additional shares of Class A common stock in the future, as the case may be, there will be further dilution to holders of shares of the Class A common stock.

Our issuance of preferred stock could adversely affect holders of Class A common stock.

Our board of directors is authorized to issue series of preferred stock without any action on the part of our holders of Class A common stock. Our board of directors also has the power, without stockholder approval, to set the terms of any such series of preferred stock that may be issued, including voting rights, dividend rights, preferences over our Class A common stock with respect to dividends or if we liquidate, dissolve or wind up our business and other terms. If we issue preferred stock in the future that has preference over our Class A common stock with respect to the payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our Class A common stock, the rights of holders of our Class A common stock or the price of our Class A common stock could be adversely affected.

Our stock price has been volatile and may continue to be volatile in the future; this volatility may affect the price at which you could sell our Class A common stock.

The trading price of the Class A common stock has been volatile and may continue to be volatile in response to various factors, some of which are beyond our control. Any of the factors listed below could have a material adverse effect on an investment in our securities:

- actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in the market's expectations about our operating results;
- success of competitors;
- our operating results failing to meet the expectation of securities analysts or investors in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning us, the market for digital and physical content, content distribution and entertainment in general;
- operating and stock price performance of other companies that investors deem comparable to us;
- our ability to market new and enhanced products on a timely basis;
- changes in laws and regulations affecting our business or our industry;
- commencement of, or involvement in, litigation involving us;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of the Class A common stock available for public sale;
- any major change in our board of directors or management;
- sales of substantial amounts of Class A common stock by our directors, executive officers or significant stockholders or the perception that such sales could occur; and
- general economic and political conditions such as recessions, interest rates, international currency fluctuations and acts of war or terrorism.

Broad market and industry factors may materially harm the market price of the Class A common stock irrespective of our operating performance. The stock market in general, and Nasdaq in particular, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of the Class A common stock, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies that investors perceive to be similar to us could depress our stock price regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of the Class A common stock also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

Anti-takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our fifth amended and restated certificate of incorporation and bylaws, as amended, contain provisions that could have the effect of delaying or preventing changes in control or changes in our management without the consent of our board of directors.

These provisions include:

- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death, or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- the ability of our board of directors to determine to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the requirement that an annual meeting of stockholders may be called only by the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- limiting the liability of, and providing indemnification to, our directors and officers;
- controlling the procedures for the conduct and scheduling of stockholder meetings; and
- providing that directors may be removed prior to the expiration of their terms by the Board of Directors only for cause.

In addition, our certificate of incorporation authorizes the issuance of 15,000,000 shares of preferred stock. The terms of our preferred stock may be fixed by the company's board of directors without further stockholder action. The terms of any outstanding series or class of preferred stock may include priority claims to assets and dividends and special voting rights, which could adversely affect the rights of holders of Class A common stock. Any future issuance(s) of preferred stock could make the takeover of the company more difficult, discourage unsolicited bids for control of the company in which our stockholders could receive premiums for their shares, dilute or subordinate the rights of holders of Class A common stock and adversely affect the trading price of the Class A common stock.

These provisions, alone or together, could delay hostile takeovers and changes in control of the Company or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the DGCL, which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock. Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our securities.

We may not be able to maintain the listing of our Common Stock on Nasdaq, which may adversely effect the flexibility of purchases of Common Stock in this offering to resell their securities in the secondary market.

The Common Stock is presently listed on Nasdaq. If the Company is unable to meet the continued listing criteria of Nasdaq and the Common Stock became delisted, trading of the Common Stock could thereafter be conducted in the over-the-counter markets in the OTC Pink, also known as "pink sheets" or, if available, on another OTC trading platform. We cannot assure you that we will meet the criteria for continued listing, in which case the Common Stock could become delisted. Any such delisting could harm our ability to raise capital through alternative financing sources on terms acceptable to us, or at all, and may result in the loss of confidence in our financial stability by suppliers, customers and employees. Investors would likely find it more difficult to dispose of, or to obtain accurate market quotations for, the Common Stock, as the liquidity that Nasdaq provides would no longer be available to investors. In addition, the failure of our Common Stock to continue to be listed on the Nasdaq could adversely impact the market price for the Common Stock and our other securities, and we could face a lengthy process to re-list the Common Stock, if we are able to re-list the Common Stock.

We have no present intention of paying dividends on our Class A common stock.

We have never paid any cash dividends on our Class A common stock and have no present plans to do so. In addition, certain of our credit facilities restrict our ability to pay dividends on the Class A common stock. As a result, you may not receive any return on an investment in our Class A common stock unless you sell the shares for a price greater than that which you paid for them.

Our ability to raise capital in the future may be limited, which could make us unable to fund our capital requirements.

Our business and operations may consume resources faster than we anticipate, or we may require additional funds to pursue acquisition or expansion opportunities. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. Additional financing may not be available on favorable terms or at all. If adequate

funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new debt securities, the debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our Class A common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our Class A common stock, diluting their interest or being subject to rights and preferences senior to their own.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We operated from the following leased properties at March 31, 2020.

<u>Location</u>	<u>Square Feet (Approx.)</u>	<u>Lease Expiration Date</u>	<u>Primary Use</u>
Sherman Oaks, California	11,600	March, 2022 (1)	Primary operations, sales, marketing and administrative offices for our Content & Entertainment Group. In addition, certain operations and administration for our other business segments.
New York City, New York	3,500	October, 2021 (2)	Corporate executive and administrative headquarters. Shared between all business segments.
Borough of Manhattan, City of New York City, New York	10,500	March, 2020 (3)	Corporate executive and administrative headquarters. Shared between all business segments.

(1) On April 23, 2020, the Company signed an agreement with the landlord to vacate the premises as of the date of the agreement.

(2) Company moved into new premises in March 2020.

(3) On March 15, 2020, the Company vacated the premises and moved to another location in New York City.

We believe that we have sufficient space to conduct our business for the foreseeable future. All of our leased properties are, in the opinion of our management, in satisfactory condition and adequately covered by insurance.

We do not own any real estate or invest in real estate or related investments.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

CLASS A COMMON STOCK

Our Class A Common Stock trades publicly on The Nasdaq Global Market ("Nasdaq"), under the trading symbol "CIDM". The following table shows the high and low sales prices per share of our Class A Common Stock as reported by Nasdaq for the periods indicated:

	For the Fiscal Year Ended March 31,			
	2020		2019	
	HIGH	LOW	HIGH	LOW
April 1 – June 30	\$2.00	\$1.29	\$1.81	\$1.31
July 1 – September 30	\$1.36	\$0.85	\$1.62	\$0.98
October 1 – December 31	\$1.09	\$0.69	\$1.40	\$0.48
January 1 – March 31	\$0.82	\$0.29	\$2.05	\$0.53

The last reported closing price per share of our Class A Common Stock as reported by Nasdaq on June 26, 2020 was \$1.82 per share. As of June 26, 2020, there were 77 holders of record of our Class A Common Stock, not including beneficial owners of our Class A Common Stock whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries.

CLASS B COMMON STOCK

On October 31, 2017, we filed our Fifth Amended and Restated Certificate of Incorporation which, in addition to other things, eliminated the Class B Common Stock. Accordingly, no further Class B Common Stock will be issued.

DIVIDEND POLICY

We have never paid any cash dividends on our Class A Common Stock or Class B Common Stock and do not anticipate paying any on our Class A Common Stock in the foreseeable future. Any future payment of dividends on our Class A Common Stock will be in the sole discretion of our board of directors.

The holders of our Series A 10% Non-Voting Cumulative Preferred Stock are entitled to receive dividends. There were \$89 thousand of cumulative dividends in arrears on the Preferred Stock at March 31, 2020.

SALES OF UNREGISTERED SECURITIES

None.

PURCHASE OF EQUITY SECURITIES

There were no purchases of shares of our Class A Common Stock made by us or on our behalf during the twelve months ended March 31, 2020 and 2019.

ITEM 6. SELECTED FINANCIAL DATA

The following tables set forth our historical selected financial and operating data for the periods indicated. The selected financial and operating data should be read together with the other information contained in this document, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in Item 7 and the audited historical financial statements and the notes thereto included elsewhere in this document. The historical results here are not necessarily indicative of future results.

Statement of Operations Data Related to Continuing Operations:	For the Fiscal Years Ended March 31, (In thousands, except for share and per share data)				
	2020	2019	2018	2017	2016
Revenues	\$ 39,291	\$ 53,534	\$ 67,683	\$ 90,394	\$ 104,449
Direct operating (exclusive of depreciation and amortization shown below)	17,146	16,120	19,523	25,121	31,341
Selling, general and administrative	16,344	27,661	28,454	23,776	33,367
Provision (benefit) for doubtful accounts	758	1,620	991	1,213	789
Restructuring, transition and acquisitions expenses, net	—	—	—	87	1,130
Goodwill impairment	—	—	—	—	18,000
Litigation and related, net of recovery in 2016	—	—	—	—	(2,228)
Depreciation and amortization of property and equipment	6,620	8,124	12,412	27,722	37,344
Amortization of intangible assets	2,772	5,627	5,580	5,718	5,852
Total operating expenses	43,640	59,152	66,960	83,637	125,595
(Loss) income from operations	(4,349)	(5,618)	723	6,757	(21,146)
Interest income	21	36	57	73	82
Interest expense	(7,258)	(10,292)	(14,250)	(19,068)	(20,642)
Debt conversion expense and loss on extinguishment of notes payable	—	—	(4,504)	(5,415)	(931)
Change in fair value on equity investment in Starrise	(1,618)	—	—	—	—
Gain on termination of capital lease	—	—	—	2,535	—
Other (expense) income, net	(1,207)	(96)	(277)	31	513
Change in fair value of interest rate derivatives	—	—	157	142	(40)
Loss from operations before income taxes	(14,411)	(15,970)	(18,094)	(14,945)	(42,164)
Income tax expense	(313)	(295)	(401)	(252)	(345)
Net loss	(14,724)	(16,265)	(18,495)	(15,197)	(42,509)
Net (loss)income attributable to noncontrolling interest	(10)	32	41	68	767
Net loss attributable to Cinedigm Corp.	(14,734)	(16,233)	(18,454)	(15,129)	(41,742)
Preferred stock dividends	(356)	(356)	(356)	(356)	(356)
Net loss attributable to common shareholders	\$ (15,090)	\$ (16,589)	\$ (18,810)	\$ (15,485)	\$ (42,098)
Basic and diluted net loss per share from continuing operations	\$ (0.34)	\$ (0.44)	\$ (0.81)	\$ (1.92)	\$ (6.51)
Shares used in computing basic and diluted net loss per share ⁽¹⁾	44,004,780	37,919,754	23,104,811	8,049,160	6,467,978

⁽¹⁾ We incurred net losses for all periods presented and, therefore, the impact of potentially dilutive common stock equivalents and convertible notes have been excluded from the computation of net loss per share from continuing operations as their impact would be anti-dilutive.

For the Fiscal Years Ended March 31,

(In thousands)

Balance Sheet Data (At Period End):	2020	2019	2018	2017	2016
Cash, cash equivalents and restricted cash	\$ 15,294	\$ 18,872	\$ 18,952	\$ 13,566	\$ 34,464
Working capital (deficit)	(66,952)	(48,834)	(2,165)	(15,411)	1,012
Total assets	110,440	98,839	121,182	151,334	209,398
Notes payable, non-recourse	11,442	19,132	38,082	61,104	112,312
Total stockholders' deficit of Cinedigm Corp.	(18,010)	(35,281)	(21,049)	(69,489)	(71,842)
Other Financial Data:					
Net cash provided by operating activities	7,762	11,088	22,397	31,699	25,504
Net cash used in provided by investing activities	(1,247)	(1,970)	(931)	(486)	(1,389)
Net cash used in financing activities	(10,093)	(9,198)	(16,080)	(44,128)	(17,633)

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our historical consolidated financial statements and the related notes included elsewhere in this report.

This report contains forward-looking statements within the meaning of the federal securities laws. These include statements about our expectations, beliefs, intentions or strategies for the future, which are indicated by words or phrases such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “will,” “estimates,” and similar words. Forward-looking statements represent, as of the date of this report, our judgment relating to, among other things, future results of operations, growth plans, sales, capital requirements and general industry and business conditions applicable to us. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond our control that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

OVERVIEW

Since our inception, we have played a significant role in the digital distribution revolution that continues to transform the media landscape. In addition to our pioneering role in transitioning approximately 12,000 movie screens from traditional analog film prints to digital distribution, we have become a leading distributor of independent content, both through organic growth and acquisitions. We distribute products for major brands such as the NFL, Hallmark and Scholastic, as well as leading international and domestic content creators, movie producers, television producers and other short form digital content producers. We collaborate with producers, major brands and other content owners to market, source, curate and distribute quality content to targeted audiences through (i) existing and emerging digital home entertainment platforms, including but not limited to, iTunes, Amazon Prime, Netflix, Hulu, Xbox, Sony PlayStation, Tubi and cable video-on-demand ("VOD"), and (ii) physical goods, including DVD and Blu-ray Discs.

We report our financial results in two primary segments as follows: (1) cinema equipment business and (2) media content and entertainment business (“Content & Entertainment” or “CEG”). The cinema equipment business segment consists of the non-recourse, financing vehicles and administrators for our digital cinema equipment (the “Systems”) installed in movie theatres throughout the United States and Canada and in Australia and New Zealand. It also provides fee-based support to over 12,000 movie screens as well as directly to exhibitors and other third party customers in the form of monitoring, billing, collection and verification services. Our Content & Entertainment segment is a market leader in: (1) ancillary market aggregation and distribution of entertainment content and; (2) branded and curated over-the-top (“OTT”) digital network business providing entertainment channels and applications.

Beginning in December 2015, certain of our cinema equipment began to reach the conclusion of their 10-year deployment payment period with certain distributors and, therefore, Virtual Print Fees (“VPF”) revenues ceased to be recognized on such Systems, related to such distributors. Furthermore, because the Phase I Deployment installation period ended in November 2007, a majority of the VPF revenue associated with the Phase I Deployment Systems has ended. As of March 31, 2020, all of our 3,480 systems from the Phase I Deployment phase of our cinema equipment business segment had ceased to earn a significant portion of VPF revenue from certain major studios, although various other studios, consisting mostly of small

independent studios, will continue to pay VPFs through December 2020. We expect to continue to earn such ancillary revenue from the cinema equipment segment through December of 2020; however, such amounts are expected to be significantly less material to our consolidated financial statements. The reduction in VPF revenue on cinema equipment business systems approximately coincided with the conclusion of certain of our non-recourse debt obligations and, therefore, the reduced cash outflows related to such non-recourse debt obligations partially offset the reduced VPF revenue since November 2017.

Under the terms of our standard cinema equipment licensing agreements, exhibitors will continue to have the right to use our Systems through the end of the term of the licensing agreement, after which time, they have the option to: (1) return the Systems to us; (2) renew their license agreement for successive one-year terms; or (3) purchase the Systems from us at fair market value. As permitted by these agreements, we have begun, and expect to continue, to pursue the sale of the Systems to such exhibitors. Such sales were as originally contemplated as the conclusion of the digital cinema deployment plan.

We are structured so that our cinema equipment business segment operates independently from our content & entertainment business. As of March 31, 2020, we had approximately \$12.2 million of non-recourse outstanding debt principal that relates to, and is serviced by, our cinema equipment business. We also have approximately \$37.7 million of outstanding debt principal, as of March 31, 2020 that is attributable to our Content & Entertainment and Corporate segments.

Risks and Uncertainties

The COVID-19 pandemic and related economic repercussions have created significant volatility, uncertainty, and turmoil in certain industries. Closures of certain entertainment facilities and retail locations have significantly impacted consumers' behaviors as a result of the virus outbreak and corresponding preventative measures taken around the world to mitigate the spread of the virus. As part of our Content & Entertainment business, we sell physical goods, including DVDs and Blu-ray discs, at brick-and-mortar stores. Many of such stores in the United States closed during the spring of 2020 due to COVID-19 restrictions, and many of those have not yet re-opened, or have re-opened on a limited basis. We expect that we will experience a loss of sales of such physical goods due to such closures, and we cannot predict the extent of such losses, or how long the closures or limited openings of the stores may last. As part of our Cinema Equipment business, we earn revenues that are generated when movies are exhibited by theatres. Many movie theatres in the United States closed during the spring of 2020 due to COVID-19 restrictions and many of those have not yet re-opened. To the extent movies are not shown in movie theatres due to the closures, we have not received, and will not receive, related revenue. The studios that produce movies may elect to delay the release of movies until theatres re-open, or to bypass exhibiting movies in theatres at all and distribute the movies through other means, such as on streaming platforms, in which case we would not earn revenues at all from such movies.

These events have negatively affected, and are expected to continue to negatively affect, our business and results of operations. Given the dynamic nature of these events, we cannot reasonably estimate the period of time that the COVID-19 pandemic and related closures and market conditions will persist, or the extent of the impact they will have on our business or results of operations and financial condition.

Liquidity

We have incurred net losses historically and have an accumulated deficit of \$410.9 million and negative working capital of \$67.0 million as of March 31, 2020. We may continue to generate net losses for the foreseeable future. In addition, we have significant debt-related contractual obligations as of March 31, 2020 and beyond. Based on these conditions, the Company entered into the following transactions:

Capital Raise

On May 20, 2020, the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") with certain investors (the "Investors") for the purchase and sale of 10,666,666 shares (the "Shares") of the Company's Class A common stock, par value \$0.001 per share, at a purchase price of \$0.75 per share, in a registered direct offering, pursuant to an effective shelf registration statement on Form S-3 which was declared effective by the Securities and Exchange Commission on May 14, 2020 and an applicable prospectus supplement.

The aggregate gross proceeds for the sale of the Shares was \$8.0 million. The net proceeds to the Company from the sale of the Shares, after deducting the fees of the placement agents but before paying the Company's estimated offering expenses, were approximately \$7.4 million. The Company intends to use the net proceeds from the transaction for working capital and for other general corporate purposes, which may include, among other things, product development, acquisitions, capital expenditures, and other business opportunities.

As of June 29, 2020, there is still approximately \$2.0 million available under our shelf registration to raise additional capital.

On July 9, 2019, the Company entered into a common stock purchase agreement (the "July Stock Purchase Agreement") with BEMG pursuant to which 2,000,000 shares of Common Stock (the "July SPA Shares"), for an aggregate purchase price in cash of \$3.0 million priced at \$1.50 per share were sold to BEMG. The July SPA Shares are subject to certain transfer restrictions. The proceeds of the sale of the July SPA Shares sold were used for working capital purposes and the repayment of Second Lien Loans. In addition, the Company agreed to enter into a registration rights agreement for the resale of the July SPA Shares.

On August 2, 2019, the Company entered into another common stock purchase agreement (the "August Stock Purchase Agreement") with BEMG, where the Company sold to BEMG a total of 1,900,000 shares of Common Stock (the "August SPA Shares"), for an aggregate purchase price in cash of \$2.9 million priced at \$1.50 per share. The August SPA Shares are subject to certain transfer restrictions. The proceeds of the sale of the August SPA Shares sold were used for working capital purposes. In addition, the Company agreed to enter into a registration rights agreement for the resale of the August SPA Shares.

Equity Investment in a Related Party

As previously announced, on December 27, 2019, the Company entered into, and on February 14, 2020 amended, (see Note 2 - *Summary of Significant Accounting Policies*), a stock purchase agreement (as so amended, the "Stock Purchase Agreement") with BeiTai Investment LP ("BeiTai"), a related party for accounting purposes of Cinedigm and Aim Right Ventures Limited ("Aim Right"), two shareholders of Starrise Media Holdings Limited, a leading Chinese entertainment company ("Starrise"), to buy from them an aggregate of 410,901,000 outstanding Starrise ordinary shares (the "Share Acquisition"). On February 14, 2020, the Company purchased 162,162,162 of the Starrise ordinary shares from BeiTai and issued BeiTai 21,646,604 shares of its Class A common stock in consideration. The Starrise shares received were valued at approximately \$25 million and the Company issued shares that were valued at approximately \$11.2 million. On April 10, 2020, the Company, in accordance with the terms of the Stock Purchase Agreement, terminated its obligation to purchase Starrise ordinary shares from Aim Right under the December 27, 2019 stock purchase agreement.

On April 10, 2020, the Company entered into another stock purchase agreement (the "April Stock Purchase Agreement") with five (5) shareholders of Starrise-Bison Global Investment SPC - Bison Global No. 1 SP, Huatai Investment LP, Antai Investment LP, Mingtai Investment LP and Shangtai Asset Management LP, all of which are related parties to the Company to buy an aggregate of 223,380,000 outstanding Starrise ordinary shares from them and for the Company to issue to them an aggregate of 29,855,081 shares of its Class A common stock as consideration therefor (the "April Share Acquisition"). On April 15, 2020, the April Share Acquisition was consummated and this transaction was also recorded as an equity investment in Starrise.

Starrise's ordinary shares (HK 1616) are listed on the main board of the Stock Exchange of Hong Kong Limited. Based on the closing price of HKD 0.73 per share on June 26, 2020, calculated at an exchange rate of 7.8 Hong Kong Dollars to 1 US dollar, the market value of Cinedigm's ownership in Starrise ordinary shares was approximately \$35.1 million.

Borrowings

On April 15, 2020, the Company received \$2.2 million from East West Bank, the Company's existing lender, pursuant to the Paycheck Protection Program (the "PPP Loan") of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP Loan matures on April 10, 2022 (the "Maturity Date"), accrues interest at 1% per annum and may be prepaid in whole or in part without penalty. No interest payments are due within the initial six months of the PPP Loan. The interest accrued during the initial six-month period is due and payable, together with the principal, on the Maturity Date. The Company intends to use all proceeds from the PPP Loan to retain employees, maintain payroll and make lease and utility payments to support business continuity throughout the COVID-19 pandemic, which amounts are intended to be eligible for forgiveness, subject to the provisions of the CARES Act and could be subject to repayment.

The Second Lien Loans (as defined in Note 5 - Notes Payable) were to mature on June 30, 2019. On June 28, 2019, the Company entered into a consent agreement with lenders of the Second Lien Loans to an extension of the Second Lien Loans pursuant to which (i) the Company paid down a portion of the outstanding principal amount plus accrued interest to date, and (ii) the maturity date of the remaining outstanding principal amount of the Second Lien Loans was extended to September 30, 2019. On July 30, 2019, one of the lenders, signed a waiver to defer the receipt of the portion of the outstanding principal amount on the Second Lien Loans agreed to be paid no later than September 30, 2019.

The Company paid \$3.4 million of the outstanding Second Lien Loans and expects to obtain additional capital from or through Bison Capital Holding Limited or an affiliate thereof ("Bison") for final payment of the remaining outstanding balances. On

October 24, 2019, the Company entered into a consent agreement to extend the maturity date to November 30, 2019. On January 8, 2020, the Company entered into another consent agreement to extend the maturity date to February 17, 2020. There were no consent fees paid for these extensions. On June 26, the Company entered into another consent agreement to extend the maturity date to September 30, 2020 and grant the Company options to extend further to March 31, 2021 and then to June 30, 2021. There was a consent fee of \$100,000 for this extension. See Note 5 - *Notes Payable* and Note 12 - *Subsequent Events*.

The \$10.0 million note payable ("2018 Loan") to Bison Global Investment SPC for and on behalf of Global Investment SPC-Bison Global No. 1, another affiliate of Bison ("Bison Global"), due July 20, 2019 is guaranteed by Bison Entertainment and Media Group ("BEMG"). On July 20, 2018, the Company also entered into a side letter (the "Letter") with BEMG, where BEMG agreed to guarantee the payment directly to Bison Global of any amount due if (i) the 2018 Loan matures prior to June 28, 2021 or (ii) Bison Global demands payment of the 2018 Loan, in whole or in part, prior to maturity.

On July 12, 2019, the Company and Bison Global entered into a termination agreement (the "Termination Agreement") with respect to the \$10.0 million 2018 Loan. Contemporaneously with the Termination Agreement, the Company entered into a convertible promissory note ("Bison Convertible Note") with Bison Global for \$10.0 million.

The Bison Convertible Note has a term ending on March 4, 2020, and bears interest at 5% per annum. The principal is payable upon maturity, in cash or in shares of our Class A common stock, par value \$0.001 per share (the "Common Stock" or "Class A common stock"), or a combination of cash and Common Stock, at the Company's option. The Bison Convertible Note is unsecured and may be prepaid without premium or penalty, and contains customary covenants, representations and warranties. The proceeds of the Bison Convertible Note were used to repay the 2018 Loan. On April 15, 2020, the Company executed a letter amendment (the "Letter Amendment") to the Bison Convertible Note. Among other things, the Letter Amendment amended the Bison Convertible Note, effective as of March 4, 2020, to change the maturity date of the Bison Convertible Note to March 4, 2021. The Bison Convertible Note due 2021 is also convertible into Common Stock at our election. See Note 5 - *Notes Payable* and Note 12 - *Subsequent Events*.

On October 9, 2018, the Company issued a subordinated convertible note (the "Convertible Note") to MingTai Investment LP (the "Lender") for \$5.0 million. All proceeds from the Convertible Note were used to pay the \$5.0 million 2013 Notes. See Note 5 - *Notes Payable*. The Convertible Note bears interest at 8% and matured on October 9, 2019. The principal is payable upon maturity, in cash or in shares of our Class A common stock, or a combination of cash and Common Stock, at the Company's option. On October 9, 2019, the Company signed an extension to the Ming Tai Note of \$5.0 million for the first of two (2) permitted additional (1) year extensions at the Company's option from the original maturity date to October 9, 2020. The Convertible Note will continue in full force and effect in accordance with its terms, including the Company's reservation of its right to further extend the maturity date of this note, if it so elects.

On July 3, 2019, the Company entered into an amendment (the "EWB Amendment") to the Loan, Guaranty and Security Agreement, dated as of March 30, 2018, by and between the Company, East West Bank and the Guarantors named therein (the "EWB Credit Agreement"). The EWB Amendment reduced the size of the facility to \$18.0 million, required certain prepayments and daily cash sweeps from collections of receivables to be made, changed in certain respects how the borrowing base is calculated, and extended the maturity date to June 30, 2020. In connection with the EWB Amendment, three of our subsidiaries became additional Guarantors under the EWB Credit Agreement. On June 26, 2020, the Company signed another amendment and extended the maturity date to June 30, 2021. See Note 5 - *Notes Payable* and Note 12 - *Subsequent Events*.

We believe the combination of: (i) our cash and cash equivalent balances at March 31, 2020, (ii) expected cash flows from operations, (iii) cost cutting measures including payroll expense reduction and real estate occupancy cost reduction, and (iv) the availability of funding from capital resources and financings will be sufficient to satisfy our contractual obligations, as well as liquidity for our operational and capital needs, for twelve months from the filing of this document. Our capital requirements will depend on many factors, and we may need to use capital resources and obtain additional capital. Failure to generate additional revenues, obtain additional capital or manage discretionary spending could have an adverse effect on our financial position, results of operations and liquidity.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our consolidated financial statements are prepared. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 2 - *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K. Management believes that the following accounting policies are the most critical to aid in fully understanding and evaluating our reported financial results, and they require management's most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain. Management has reviewed these critical accounting estimates and related disclosures with the Audit Committee of our board of directors.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation expense is recorded using the straight-line method over the estimated useful lives of the respective assets as follows:

Computer equipment and software	3-5 years
Internal use software	5 years
Digital cinema projection systems	10 years
Machinery and equipment	3-10 years
Furniture and fixtures	3-6 years

Leasehold improvements are being amortized over the shorter of the lease term or the estimated useful life of the improvement. Maintenance and repair costs are charged to expense as incurred. Major renewals, improvements and additions are capitalized.

Useful lives are determined based on an estimate of either physical or economic obsolescence, or both. During the fiscal years ended March 31, 2020 and 2019, we have neither made any revisions to estimated useful lives, nor recorded any impairment charges on our property, equipment and internal use software.

FAIR VALUE ESTIMATES

Goodwill, Intangible and Long-Lived Assets

We evaluate our goodwill for impairment in the fourth quarter of each fiscal year (as of March 31), or whenever events or changes in circumstances indicate the fair value of a reporting unit is below its carrying amount. The determination of whether or not goodwill has become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the value of our reporting units. Inherent in the fair value determination for each reporting unit are certain judgments and estimates relating to future cash flows, including management's interpretation of current economic indicators and market conditions, and assumptions about our strategic plans with regard to our operations. To the extent additional information arises, market conditions change or our strategies change, it is possible that the conclusion regarding whether goodwill is impaired could change and result in future goodwill impairment charges that could have a material adverse effect on our consolidated financial position or results of operations.

The Company has the option to assess goodwill for possible impairment by performing a qualitative analysis to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount or to perform the quantitative impairment test.

The quantitative test involves comparing the estimated fair value of a reporting unit with its respective book value, including goodwill. If the estimated fair value exceeds book value, goodwill is considered not to be impaired. If, however, the fair value of the reporting unit is less than book value, an impairment loss is recognized in an amount equal to the excess.

The Company tests for good will impairment annually at March 31. During the years ended March 31, 2020 and 2019, there were no impairment charges recorded on goodwill. In 2020 and 2019, we elected to conduct a quantitative goodwill assessment at March 31, 2020 and 2019, respectively.

In determining fair value, we used various assumptions, including expectations of future cash flows based on projections or forecasts derived from analysis of business prospects, economic or market trends and any regulatory changes that may occur. We estimated the fair value of the reporting unit using a net present value methodology, which is dependent on significant assumptions related to estimated future discounted cash flows, discount rates and tax rates. Certain of the estimates and assumptions that we used in determining the value of our CEG reporting unit are discussed in Note 2 - *Summary of Significant Accounting Policies* of Item 8 - *Financial Statements and Supplementary Data* of this Report on Form 10-K.

We review the recoverability of our long-lived assets and finite-lived intangible assets, when events or conditions occur that indicate a possible impairment exists. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount and the asset's residual value, if any. The assessment for recoverability is based primarily on our ability to recover the carrying value of its long-lived and finite-lived assets from expected future undiscounted net cash flows. If the total of expected future undiscounted net cash flows is less than the total carrying value of the assets the asset is deemed not to be recoverable and possibly impaired. We then estimate the fair value of the asset to determine whether an impairment loss should be recognized. An impairment loss will be recognized if the asset's fair value is determined to be less than its carrying value. Fair value is determined by computing the expected future discounted cash flows.

REVENUE RECOGNITION

Adoption of ASU Topic 606, "Revenue from Contracts with Customers"

The Company adopted Accounting Standards Update ("ASU") Topic 606, Revenue from Contracts with Customers ("Topic 606"), as of April 1, 2018, using the modified retrospective method, i.e., by recognizing the cumulative effect of initially applying Topic 606 as an adjustment to the opening balance of deficit at April 1, 2018. Therefore, the comparative information for the years ended prior to April 1, 2018 were not restated to comply with ASC 606. We applied the practical expedient and did not capitalize the incremental costs to obtain a contract if the amortization period for the asset is one year or less. The impact of adopting Topic 606 did not result in a change in accounting treatment for any of the Company's revenue streams. Refer to Note 2 to our Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended March 31, 2018 for our revenue recognition accounting policy as it relates to revenue transactions prior to April 1, 2018. The revenue recognition accounting policy described below relates to revenue transactions from April 1, 2018 and thereafter, which are accounted for in accordance with Topic 606.

We determine revenue recognition by:

- identifying the contract, or contracts, with the customer;
- identifying the performance obligations in the contract;
- determining the transaction price;
- allocating the transaction price to performance obligations in the contract; and
- recognizing revenue when, or as, we satisfy performance obligations by transferring the promised goods or services.

We recognize revenue in the amount that reflects the consideration we expect to receive in exchange for the services provided, sales of physical products (DVD's and Blu-ray) or when the content is available for subscription on the digital platform or available on the point-of-sale for transactional and VOD services which is when the control of the promised products and services is transferred to our customers and our performance obligations under the contract have been satisfied. Revenues that might be subject to various taxes is recorded net of transaction taxes assessed by governmental authorities such as sales value-added taxes and other similar taxes.

Payment terms and conditions vary by customer and typically provide net 30 to 90 day terms. We do not adjust the promised amount of consideration for the effects of a significant financing component when we expect, at contract inception, that the period between our transfer of a promised product or service to our customer and payment for that product or service will be one year or less. We have in the past entered into arrangements in connection with activation fees due from our digital cinema equipment (the "Systems") deployments that had extended payment terms. The outstanding balances on these arrangements are insignificant and hence the impact of significant financing would be insignificant.

Cinema Equipment Business

Virtual print fees (“VPFs”) are earned, net of administrative fees, pursuant to contracts with movie studios and distributors, whereby amounts are payable by a studio to Cinedigm Digital Funding I, LLC. (“Phase 1 DC”) and to Access Digital Cinema Phase 2 Corp. (“Phase 2 DC”) when movies distributed by the studio are displayed on screens utilizing our Systems installed in movie theatres. VPFs are earned and payable to Phase 1 DC based on a defined fee schedule until the end of the VPF term. One VPF is payable for every digital title initially displayed per System. The amount of VPF revenue is dependent on the number of movie titles released and displayed using the Systems in any given accounting period. VPF revenue is recognized in the period in which the digital title first plays on a System for general audience viewing in a digitally equipped movie theatre, as Phase 1 DC’s and Phase 2 DC’s performance obligations have been substantially met at that time.

Phase 2 DC’s agreements with distributors require the payment of VPFs, according to a defined fee schedule, for ten years from the date each system is installed; however, Phase 2 DC may no longer collect VPFs once “cost recoupment,” as defined in the contracts with movie studios and distributors, is achieved. Cost recoupment will occur once the cumulative VPFs and other cash receipts collected by Phase 2 DC have equaled the total of all cash outflows, including the purchase price of all Systems, all financing costs, all “overhead and ongoing costs”, as defined, and including service fees, subject to maximum agreed upon amounts during the three-year rollout period and thereafter. Further, if cost recoupment occurs before the end of the eighth contract year, the studios will pay us a one-time “cost recoupment bonus.” The Company evaluated the constraining estimates related to the variable consideration, i.e. the one-time bonus and determined that it is not probable to conclude at this point in time, that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Under the terms of our standard Cinema Equipment licensing agreements, exhibitors will continue to have the right to use our Systems through the end of the term of the licensing agreement, after which time, they have the option to: (1) return the Systems to us; (2) renew their license agreement for successive one-year terms; or (3) purchase the Systems from us at fair market value. As permitted by these agreements, we have begun, and expect to continue, to pursue the sale of the Systems to such exhibitors. Such sales were as originally contemplated as the conclusion of the digital cinema deployment plan.

Revenues earned in connection with up front exhibitor contributions are deferred and recognized over the expected cost recoupment period.

Exhibitors who purchased and own Systems using their own financing in the Cinema Equipment Business paid us an upfront activation fee of approximately \$2.0 thousand per screen (the “Exhibitor-Buyer Structure”). Upfront activation fees were recognized in the period in which these Systems were delivered and ready for content, as we had no further obligations to the customer after that time and collection was reasonably assured. In addition, we recognize activation fee revenue of between \$1.0 thousand and \$2.0 thousand on Phase 2 DC Systems and for Systems installed by CDF2 Holdings, a related party, (See Note 3 - *Other Interests*) upon installation and such fees are generally collected upfront upon installation. Our services segment manages and collects VPFs on behalf of exhibitors, for which it earns an administrative fee equal to 10% of the VPFs collected.

The Cinema Equipment Business earns an administrative fee of approximately 5% of VPFs collected and, in addition, earns an incentive service fee equal to 2.5% of the VPFs earned by Phase 1 DC. This administrative fee is related to the collection and remittance of the VPF’s and the performance obligation is satisfied at that time the related VPF fees are due which is at the time the movies are displayed on screens utilizing our Systems installed in movie theatres. The service fees are recognized as a point in time revenue when the corresponding VPF fees are due from the movie studios and distributors.

Under the terms of the standard cinema equipment licensing agreements, exhibitors will continue to have the right to use the Systems through the end of the term of the licensing agreement, after which time, they have the option to: (1) return the Systems to us; (2) renew their license agreement for successive one-year terms; or (3) purchase the Systems from us at fair market value. As permitted by these agreements, we have begun, and expect to continue, to pursue the sale of the Systems to such exhibitors. Such sales were as originally contemplated as the conclusion of the digital cinema deployment plan. Cinedigm completed the sale of approximately 152 and 321 digital projection Systems for an aggregate sales price of approximately \$1.6 million and \$3.7 million during the year ended March 31, 2020 and 2019, respectively.

Content & Entertainment Business

CEG earns fees for the distribution of content in the home entertainment markets via several distribution channels, including digital, video on demand ("VOD"), and physical goods (e.g. DVD and Blu-ray Discs). Fees earned are typically based on the gross amounts billed to our customers less the amounts owed to the media studios or content producers under distribution agreements, and gross media sales of owned or licensed content. Depending upon the nature of the agreements with the platform and content providers, the fee rate that we earn varies. The Company's performance obligations include the delivery of content for subscription on the digital platform, shipment of DVD and Blu-ray Discs, or make available at point-of-sale for transactional and VOD services. Revenue is recognized at the point in time when the performance obligation is satisfied which is when the content is available for subscription on the digital platform, at the time of shipment for physical goods, or point-of-sale for transactional and VOD services as the control over the content or the physical title is transferred to the customer. The Company considers the delivery of content through various distribution channels to be a single performance obligation. Revenue is recognized after deducting the reserves for sales returns and other allowances, which are accounted for as variable consideration.

Reserves for sales returns and other allowances are recorded based upon historical experience. If actual future returns and allowances differ from past experience, adjustments to our allowances may be required.

CEG also has contracts for the theatrical distribution of third party feature movies and alternative content. CEG's distribution fee revenue and CEG's participation in box office receipts is recognized at the time a feature movie and alternative content are viewed. CEG has the right to receive or bill a portion of the theatrical distribution fee in advance of the exhibition date, and therefore such amount is recorded as a receivable at the time of execution, and all related distribution revenue is deferred until the third party feature movies' or alternative content's theatrical release date.

Principal Agent Considerations

We determine whether revenue should be reported on a gross or net basis based on each revenue stream. Key indicators that we use in evaluating gross versus net treatment include, but are not limited to, the following:

- which party is primarily responsible for fulfilling the promise to provide the specified good or service; and
- which party has discretion in establishing the price for the specified good or service.

Based on our evaluation of the above indicators, we concluded that there were no changes to our gross versus net reporting from legacy GAAP.

Shipping and Handling

Shipping and handling costs are incurred to move physical goods (e.g. DVD and Blu-ray Discs) to customers. We recognize all shipping and handling costs as an expense in cost of goods sold because we are responsible for delivery of the product to our customers prior to transfer of control to the customer.

Contract Liabilities

We generally record a receivable related to revenue when we have an unconditional right to invoice and receive payment, and we record deferred revenue (contract liability) when cash payments are received or due in advance of our performance, even if amounts are refundable.

We maintain reserves for potential credit losses on accounts receivable. We review the composition of accounts receivable and analyze historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded primarily on a specific identification basis.

Our CEG segment recognizes accounts receivable, net of an estimated allowance for product returns and customer chargebacks, at the time that it recognizes revenue from a sale. Reserves for product returns and other allowances are recorded based upon historical experience. If actual future returns and allowances differ from past experience, adjustments to our allowances may be required. Sales returns and allowances are reported as a reduction of revenues.

We record accounts receivable, long-term in connection with activation fees that we earn from Systems deployments that have extended payment terms. Such accounts receivable are discounted to their present value at prevailing market rates. The outstanding balances on these arrangements are insignificant and hence the impact of significant financing would be insignificant.

Deferred revenue pertaining to our Content & Entertainment Business includes amounts related to the sale of DVD's with future release dates.

Deferred revenue relating to our Cinema Equipment Business pertains to revenues earned in connection with up front exhibitor contributions that are deferred and recognized over the expected cost recoupment period. It also includes unamortized balances in connection with activation fees due from the Systems deployments that have extended payment terms.

The ending deferred revenue balance, including current and non-current balances, as of March 31, 2020 was \$2.6 million. For the year ended March 31, 2020, the additions to our deferred revenue balance were primarily due to cash payments received or due in advance of satisfying performance obligations, while the reductions to our deferred revenue balance were primarily due to the recognition of revenue upon fulfillment of our performance obligations, both of which were in the ordinary course of business.

During the year ended March 31, 2020, \$4.2 million of revenue was recognized that was included in the deferred revenue balance at the beginning of the year. As of March 31, 2020, the aggregate amount of contract revenue allocated to unsatisfied performance obligations is \$2.6 million. We expect to recognize approximately \$1.6 million of this balance over the next 12 months, and the remainder thereafter.

In connection with revenue recognition for CEG, the following are also considered critical accounting policies:

Advances

Advances, which are recorded within prepaid and other current assets within the consolidated balance sheets, represent amounts prepaid to studios or content producers for which we provide content distribution services. We evaluate advances regularly for recoverability and record impairment charges for amounts that we expect may not be recoverable as of the consolidated balance sheet date.

Participations and royalties payable

When we use third parties to distribute company owned content, we record participations payable, which represent amounts owed to the distributor under revenue-sharing arrangements. When we provide content distribution services, we record accounts payable and accrued expenses to studios or content producers for royalties owed under licensing arrangements. We identify and record as a reduction to the liability any expenses that are to be reimbursed to us by such studios or content producers.

Results of Operations for the Fiscal Years Ended March 31, 2020 and 2019

Revenues

(\$ in thousands)	For the Fiscal Year Ended March 31,			
	2020	2019	\$ Change	% Change
Cinema Equipment Business	\$ 12,741	\$ 26,199	\$ (13,458)	(51.4)%
Content & Entertainment	26,550	27,335	(785)	(2.9)%
	<u>\$ 39,291</u>	<u>\$ 53,534</u>	<u>\$ (14,243)</u>	<u>(26.6)%</u>

Revenues generated by our Cinema Equipment Business segment decreased primarily as a result of the reduced number of systems (7,105 actively earning revenue systems at March 31, 2020 versus 9,333 systems at March 31, 2019) earning VPF revenue and Service Fees. The decrease in Revenues was offset by revenues generated from the sale of 152 digital projection systems for revenue of approximately \$1.4 million. Content & Entertainment revenue decreased by \$0.8 million as a result of a decline in DVD business and licensing revenue offset by an increase in digital transactional revenues in our distributed business.

Direct Operating Expenses

(\$ in thousands)	For the Fiscal Year Ended March 31,			
	2020	2019	\$ Change	% Change
Cinema Equipment Business	\$ 1,236	\$ 1,401	\$ (165)	(11.8)%
Content & Entertainment	15,910	14,719	1,191	8.1 %
	<u>\$ 17,146</u>	<u>\$ 16,120</u>	<u>\$ 1,026</u>	<u>6.4 %</u>

Increase in direct operating expenses for the year ended March 31, 2020 compared to the prior year, was mainly due to increases in royalty expenses of approximately \$1.8 million offset by a decrease of delivery expenses of approximately \$0.8 million. Royalty based deals performed better than the prior year which increased the royalty expenses. Freight expense increased as we had an increase in liquidation sales compared to the prior year. In addition, property taxes decreased in our Cinema Equipment Business due having lower depreciated assets.

Selling, General and Administrative Expenses

(\$ in thousands)	For the Fiscal Year Ended March 31,			
	2020	2019	\$ Change	% Change
Cinema Equipment Business	\$ 2,085	\$ 1,960	\$ 125	6.4 %
Content & Entertainment	10,017	15,322	(5,305)	(34.6)%
Corporate	4,242	10,379	(6,137)	(59.1)%
	<u>\$ 16,344</u>	<u>\$ 27,661</u>	<u>\$ (11,317)</u>	<u>(40.9)%</u>

Selling, general and administrative expenses for the year ended March 31, 2020 decreased primarily from a \$3.7 million reduction in personnel related expenses, a \$2.9 million reversal of bonus accrual, decreases of \$1.7 million in legal and consulting services, a decrease of approximately \$0.8 million in marketing spend in our OTT business, a decrease of \$1.3 million in stock-based compensation, and a decrease of approximately \$0.8 million in travel related expenses.

Provision for Doubtful Accounts

Provision for doubtful accounts was \$0.8 million and \$1.6 million for the fiscal years ended March 31, 2020 and 2019, respectively.

Depreciation and Amortization Expense on Property and Equipment

(\$ in thousands)	For the Fiscal Year Ended March 31,			
	2020	2019	\$ Change	% Change
Cinema Equipment Business	\$ 6,087	7,599	(1,512)	(19.9)%
Content & Entertainment	366	343	23	6.7 %
Corporate	167	182	(15)	(8.2)%
	<u>\$ 6,620</u>	<u>\$ 8,124</u>	<u>\$ (1,504)</u>	<u>(18.5)%</u>

Depreciation and amortization expense decreased in our Cinema Equipment Business Segment as the majority of our digital cinema projection systems reached the conclusion of their 10-year useful lives during fiscal years 2020 and 2019.

Interest expense, net

(\$ in thousands)	For the Fiscal Year Ended March 31,			
	2020	2019	\$ Change	% Change
Cinema Equipment Business	\$ 2,773	\$ 4,741	\$ (1,968)	(41.5)%
Corporate	4,464	5,515	(1,051)	(19.1)%
	<u>\$ 7,237</u>	<u>\$ 10,256</u>	<u>\$ (3,019)</u>	<u>(29.4)%</u>

Interest expense in the Cinema Equipment Business segment decreased primarily as a result of reduced debt balances compared to the prior year, due to the payoff of our KBC facilities, P2 vendor notes, and the reduction of the Prospect Term Loan. Interest expense in our Corporate segment decreased as a result of lower loan balances from our Credit Facility and Secured Lien Loans.

Income Tax Expense

We recorded income tax expense from operations of \$0.3 million and \$0.3 million for the years ended March 31, 2020 and 2019, respectively, primarily for state income taxes in our Cinema Equipment Business and Corporate segments. Income tax expense was mainly related to taxable income at the state level and timing differences related to fixed asset depreciation.

Adjusted EBITDA

We define Adjusted EBITDA to be earnings before interest, taxes, depreciation and amortization, other income, net, stock-based compensation and other expenses, merger and acquisition costs, restructuring, transition and acquisitions expense, net, goodwill impairment and certain other items.

Adjusted EBITDA (including the results of Cinema Equipment Business segment) for the year ended March 31, 2020 decreased, by \$5.7 million or 49%, compared to the year ended March 31, 2019. Adjusted EBITDA loss from our non-cinema equipment business was negative \$1.9 million for the year ended March 31, 2020, compared to an Adjusted EBITDA of negative \$7.9 million for the year ended March 31, 2019. The decrease in Adjusted EBITDA compared to the prior period primarily reflects lower revenue in all of our business segments.

Adjusted EBITDA is not a measurement of financial performance under GAAP and may not be comparable to other similarly titled measures of other companies. We use Adjusted EBITDA as a financial metric to measure the financial performance of the business because management believes it provides additional information with respect to the performance of its fundamental business activities. For this reason, we believe Adjusted EBITDA will also be useful to others, including its stockholders, as a valuable financial metric.

We present Adjusted EBITDA because we believe that Adjusted EBITDA is a useful supplement to net loss as an indicator of operating performance. We also believe that Adjusted EBITDA is a financial measure that is useful both to management and investors when evaluating our performance and comparing our performance with that of our competitors. We also use Adjusted EBITDA for planning purposes and to evaluate our financial performance because Adjusted EBITDA excludes certain incremental expenses or non-cash items, such as stock-based compensation charges, that we believe are not indicative of our ongoing operating performance.

We believe that Adjusted EBITDA is a performance measure and not a liquidity measure, and therefore a reconciliation between net loss and Adjusted EBITDA has been provided below. Adjusted EBITDA should not be considered as an alternative to income from operations or net loss as an indicator of performance or as an alternative to cash flows from operating activities as an indicator of cash flows, in each case as determined in accordance with GAAP, or as a measure of liquidity. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities as well as interest and income taxes that can affect cash flows. We do not intend the presentation of these non-GAAP measures to be considered in isolation or as a substitute for results prepared in accordance with GAAP. These non-GAAP measures should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.

Following is the reconciliation of our consolidated net loss to Adjusted EBITDA:

(\$ in thousands)	For the Fiscal Year Ended March 31,	
	2020	2019
Net loss	\$ (14,724)	\$ (16,265)
Add Back:		
Income tax expense	313	295
Depreciation and amortization of property and equipment	6,620	8,124
Amortization of intangible assets	2,772	5,627
Interest expense, net	7,237	10,256
Change in fair value on equity investment in Starrise	1,618	—
Other expense, net	1,585	2,019
Stock-based compensation and expenses	543	1,576
Net (loss) income attributable to noncontrolling interest	(10)	32
Adjusted EBITDA	\$ 5,954	\$ 11,664
Adjustments related to the Cinema Equipment Business		
Depreciation and amortization of property and equipment	\$ (6,087)	\$ (7,599)
Amortization of intangible assets	(46)	(46)
Stock-based compensation and expenses	7	(26)
Income from operations	(1,721)	(11,884)
Adjusted EBITDA from non-cinema equipment business	\$ (1,893)	\$ (7,891)

Recent Accounting Pronouncements

Recently adopted

In February, 2016, the Financial Accounting Standards Board ("FASB") issued guidance amending the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. On April 1, 2019, the Company adopted the new leasing standard using the prospective transaction method. See Note 7- *Commitments and Contingencies* for further details.

In June 2018, the FASB issued ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting* to simplify the accounting for nonemployee share-based payment transactions by expanding the scope of ASC Topic 718, Compensation - Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. Under the new standard, most of the guidance on stock compensation payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. This standard is effective for annual reporting periods beginning after December 15, 2018, including interim reporting periods within those annual reporting periods, with early adoption permitted. The Company adopted the guidance as of April 1, 2019 and it did not have a material impact on the Company's consolidated financial statements.

Not yet adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which provides new guidance regarding the measurement and recognition of credit impairment for certain financial assets. Such guidance will impact how the Company determines its allowance for estimated uncollectible receivables and evaluates its available-for-sale investments for impairment. ASU 2016-13 is effective for the Company in the first quarter of 2023. The Company is currently evaluating the effect that ASU 2016-13 will have on its consolidated financial statements and related disclosures.

Liquidity and Capital Resources

We have incurred net losses each year since we commenced our operations. Since our inception, we have financed our operations substantially through the private placement of shares of our common and preferred stock, the issuance of promissory notes, our initial public offering and subsequent private and public offerings, notes payable and common stock used to fund various acquisitions.

We may continue to generate net losses in the future primarily due to depreciation and amortization, interest on notes payable, marketing and promotional activities and content acquisition and marketing costs. Certain of these costs, including costs of content acquisition, marketing and promotional activities, could be reduced if necessary. The restrictions imposed by our debt agreements may limit our ability to obtain financing, make it more difficult to satisfy our debt obligations or require us to

dedicate a substantial portion of our cash flow to payments on our existing debt obligations. The Prospect Loan requires certain screen turn performance from certain of our Cinema Equipment Business subsidiaries. While such restrictions may reduce the availability of our cash flow to fund working capital, capital expenditures and other corporate requirements, we do not have similar restrictions imposed upon our CEG business. We may seek to raise additional capital as necessary. Failure to generate additional revenues, raise additional capital or manage discretionary spending could have an adverse effect on our financial position, results of operations or liquidity.

Bison Note Payable

As discussed in Note 1 - Nature of Operations and Liquidity, the Company entered into a Loan with Bison for \$10.0 million and issued Warrants to purchase 1,400,000 shares of the Company's Class A Common Stock. See Note 6 - *Stockholders' Deficit* for further discussion of the warrants.

The loan was made in accordance with the Stock Purchase Agreement between the Company and Bison Entertainment Investment Limited, another affiliate of Bison, entered into on June 29, 2017 (the "Stock Purchase Agreement").

On July 20, 2018, the Company entered into a term loan agreement (the "2018 Loan Agreement") with Bison Global, pursuant to which the Company borrowed from Bison Global \$10.0 million (the "2018 Loan"). The 2018 Loan has a one (1) year term that may be extended by mutual agreement of Bison Global and the Company and bears interest at 5% per annum, payable quarterly in cash. On July 12, 2019, we entered into a Termination Agreement for the 2018 Loan and at the same time entered into a \$10.0 million Bison Convertible Note with Bison Global.

\$10.0 Million Loan converted into Bison Convertible Note

The Bison Convertible Note has a term ending on March 4, 2020, and bears interest at 5% per annum. The principal is due on March 4, 2020, in cash or in shares of Common Stock, or a combination of cash and Common Stock, at the Company's option. The Bison Convertible Note is convertible at the Company's option, at any time prior to payment in full of the principal balance and all accrued interest of the note, to convert this note in whole or in part, into fully paid and nonassessable shares of the Company's Class A common stock. The Bison Convertible Note is Convertible into 6,666,666 shares of Company's Class A common stock, based on initial conversion price of \$1.50 per share. On April 15, 2020, the Company signed an amendment to this note, effective as of March 4, 2020, to extend the maturity date of the note to March 4, 2021.

As a result of our cash conversion option, we separately accounted for the value of the embedded conversion option as a debt discount (with an offset to additional paid-in-capital) of \$478 thousand. The value of the embedded conversion option was determined based on the estimated fair value of the debt without the conversion feature, which was determined using market comparables to estimate the fair value of similar non-convertible debt; the debt is being amortized to interest expense using the effective interest method over the term of the note. The embedded conversion feature was fully amortized as of March 31, 2020.

The Bison Convertible Note is unsecured and may be prepaid without premium or penalty, and contains customary covenants, representations and warranties. The proceeds of the Bison Convertible Note were used to repay the 2018 Loan.

The Bison Convertible Note, offset by the concurrent payoff and termination of the 2018 Loan, did not result in any increase to the Company's outstanding debt balance.

Non-Recourse Indebtedness

Our Cinema Equipment Business has historically been financed through a series of non-recourse loans. Certain of the subsidiaries that make up the Cinema Equipment Business have pledged their assets as collateral for, and are liable with respect to, certain indebtedness for which our other subsidiaries and their assets generally are not. We have referred to this indebtedness as "non-recourse debt" because the recourse of the lenders is limited to the assets of specific subsidiaries. Such indebtedness includes the Prospect Loan, the KBC Facilities, the 2013 Term Loans, the P2 Vendor Note and the P2 Exhibitor Notes. The balance of our non-recourse debt, net of related debt issuance costs, as of March 31, 2020 was \$12.2 million for our Cinema Equipment Business segment, which mature as presented in the Contractual Obligations table below. We continue to expect cash flows from our Cinema Equipment Business operations will be sufficient to satisfy our liquidity and contractual requirements that are linked to these operations.

Revolving Credit Agreements

On March 30, 2018, the Company entered into a Credit Facility with a retail bank for a maximum of \$19.0 million in revolving loans outstanding at any one time with a maturity date of March 31, 2020, which may be extended for two successive one-year periods at the sole discretion of the lender, subject to certain conditions.

Interest under the Credit Facility is due monthly at a rate elected by the Company of either 0.5% plus Prime Rate or 3.25% above LIBOR Rate established by the lender.

As of March 31, 2020 and 2019, respectively, there was \$14.5 million and \$18.6 million outstanding, respectively, and there was no additional availability, under the Credit Facility based on the Company's borrowing base as of March 31, 2020. On July 3, 2019, the Company entered into the EWB Amendment to the Loan, Guaranty and Security Agreement, dated as of March 30, 2018, by and between the Company, East West Bank and the Guarantors named therein. The EWB Amendment reduced the size of the facility to \$18.0 million, required certain prepayments and daily cash sweeps from collections of receivables to be made, changed in certain respects how the borrowing base is calculated, and extended the maturity date to June 30, 2020. In connection with the EWB Amendment, three of our subsidiaries became Guarantors under the EWB Credit Agreement. On June 25, 2020, the Company signed another amendment, no. 4 to extend the maturity date to June 30, 2021 and to waive certain events of default provisions.

Other Indebtedness

On October 9, 2018, the Company issued a Convertible Note for \$5.0 million. All proceeds from the Convertible Note were used to pay the \$5.0 million 2013 Notes described below. The \$5.0 million in aggregate principal bears interest at 8% maturing on October 9, 2019 with two one year extensions at the Company's option. The Convertible Note is convertible into 3,333,333 shares of the Company's Class A common stock, based on initial conversion price of \$1.50 per share. On October 9, 2019, the Company signed an extension, for one additional year from the original maturity date to be due on October 9, 2020. This note will continue in full force and effect in accordance with its terms, including Company's reservation of its right to further extend the maturity date of this note, if it so elects.

The Convertible Note is convertible at the option of the Lender, or the Company, at any time prior to payment in full of the principal balance, and all accrued interest of this Convertible Note in whole, or in part, into fully paid and non-assessable shares of Company's Class A common stock at the conversion rate of \$1.50.

Upon conversion prior to maturity by the Lender, or the Company, we may elect to settle such conversion in shares of our Class A common stock, cash or a combination thereof. Upon the maturity date, the Company has the option to pay in Class A common shares convertible at the greater of the closing price of the Class A common stock or \$1.10. As a result of our cash conversion option, we separately accounted for the value of the embedded conversion option as a debt discount (with an offset to additional paid-in capital) of \$270 thousand. The value of the embedded conversion option was determined based on the estimated fair value of the debt without the conversion feature, which was determined using market comparables to estimate the fair value similar non-convertible debt; the debt discount is being amortized to interest expense using the effective interest method over the one year term of the Convertible Note.

On April 15, 2020, the Company received \$2.2 million from East West Bank, the Company's existing lender, pursuant to the Paycheck Protection Program (the "PPP Loan") of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP Loan matures on April 10, 2022 (the "Maturity Date"), accrues interest at 1% per annum and may be prepaid in whole or in part without penalty. No interest payments are due within the initial six months of the PPP Loan. The interest accrued during the initial six-month period is due and payable, together with the principal, on the Maturity Date. The Company

intends to use all proceeds from the PPP Loan to retain employees, maintain payroll and make lease and utility payments to support business continuity throughout the COVID-19 pandemic, which amounts are intended to be eligible for forgiveness, subject to the provisions of the CARES Act and could be subject to repayment.

In addition, as discussed in more detail in Note 5 - *Notes Payable*, our debt obligations have instituted certain financial and liquidity covenants and capital requirements, and from time to time, we may need to use available capital resources and raise additional capital to satisfy these covenants and requirements.

Changes in our cash flows were as follows:

(\$ in thousands)	For the Fiscal Years Ended March 31,	
	2020	2019
Net cash provided by operating activities	\$ 7,762	\$ 11,088
Net cash used in investing activities	(1,247)	(1,970)
Net cash used in financing activities	(10,093)	(9,198)
Net decrease increase in cash and cash equivalents	\$ (3,578)	\$ (80)

As of March 31, 2020, we had cash, cash equivalents and restricted cash balances of \$15.3 million.

Net cash provided by operating activities is primarily driven by loss from operations, excluding non-cash expenses such as depreciation, amortization, provision for doubtful accounts and stock-based compensation, offset by changes in working capital. Cash received from VPFs declined from the previous period as Phase I Deployment Systems in our Cinema Equipment Business reached the conclusion of their deployment payment period with certain major studios. Changes in accounts receivable from our studio customers largely impact cash flows from operating activities and vary based on the seasonality of movie release schedules by the major studios. Operating cash flows from CEG are typically higher during our fiscal third and fourth quarters, resulting from revenues earned during the holiday season, and lower in the other two quarters as we pay royalties on such revenues. In addition, we make advances on theatrical releases and to certain home entertainment distribution clients for which initial expenditures are generally recovered within six to twelve months.

Cash flows used in investing activities consisted of purchases of property, equipment and internal use software.

For the year ended March 31, 2020, cash flows used in financing activities reflects payments of approximately \$8.4 million for the 2013 Prospect Loan, net payments of approximately \$4.1 million for the Credit Facility, and approximately \$3.4 million for the Second Lien Loan offset by \$5.8 million received in connection with the sale of 3,900,000 shares of Class A common stock.

We have contractual obligations that primarily consist of term notes payable, credit facilities, and non-cancelable operating leases related to office space.

The following table summarizes our significant contractual obligations as of March 31, 2020:

Contractual Obligations (in thousands)	Payments Due				
	Total	2021	2022 & 2023	2024 & 2025	Thereafter
Short-term recourse debt	\$ 37,709	\$ 37,709	\$ —	\$ —	\$ —
Short-term non-recourse debt ⁽¹⁾	12,205	12,205	—	—	—
Debt-related obligations, principal	\$ 49,914	\$ 49,914	\$ —	\$ —	\$ —
Interest on recourse debt	\$ 750	\$ 625	\$ 125	\$ —	\$ —
Interest on non-recourse debt ⁽¹⁾	1,671	1,671	—	—	—
Total interest	\$ 2,421	\$ 2,296	\$ 125	\$ —	\$ —
Total debt-related obligations	\$ 52,335	\$ 52,210	\$ 125	\$ —	\$ —
Total non-recourse debt including interest	\$ 13,876	\$ 13,876	\$ —	\$ —	\$ —
Operating lease obligations	\$ 237	\$ 167	\$ 70	\$ —	\$ —

(1) Non-recourse debt is generally defined as debt whereby the lenders' sole recourse, with respect to defaults, is limited to the value of the asset that is collateral for the debt. The Prospect Loan is not guaranteed by us or our other subsidiaries, other than Phase 1 DC and DC Holdings and the KBC Facilities are not guaranteed by us or our other subsidiaries, other than Phase 2 DC.

We may continue to generate net losses for the foreseeable future primarily due to depreciation and amortization, interest on our debt obligations, marketing and promotional activities and content acquisition and marketing costs. Certain of these costs, including costs of content acquisition, marketing and promotional activities, could be reduced if necessary. The restrictions imposed by the terms of our debt obligations may limit our ability to obtain financing, make it more difficult to satisfy our debt obligations or require us to dedicate a substantial portion of our cash flow to payments on our existing debt obligations. We feel we are adequately financed for at least the next twelve months; however we may need to raise additional capital for working capital as deemed necessary. Failure to generate additional revenues, raise additional capital or manage discretionary spending could have an adverse effect on our financial position, results of operations or liquidity.

Seasonality

Revenues from our Cinema Equipment segment derived from the collection of VPFs from motion picture studios are seasonal, coinciding with the timing of releases of movies by the motion picture studios. Generally, motion picture studios release the most marketable movies during the summer and the winter holiday season. The unexpected emergence of a hit movie during other periods can alter the traditional trend. The timing of movie releases can have a significant effect on our results of operations, and the results of one quarter are not necessarily indicative of results for the next quarter or any other quarter. While CEG benefits from the winter holiday season, we believe the seasonality of motion picture exhibition, is becoming less pronounced as the motion picture studios are releasing movies somewhat more evenly throughout the year.

Off-balance sheet arrangements

We are not a party to any off-balance sheet arrangements, other than operating leases in the ordinary course of business, which are disclosed above in the table of our significant contractual obligations, and CDF2 Holdings. In addition, as discussed further in Note 2 - *Basis of Presentation and Consolidation* and Note 4 - *Other Interests* to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K, we hold a 100% equity interest in CDF2 Holdings, which is an unconsolidated variable interest entity ("VIE"), which wholly owns Cinedigm Digital Funding 2, LLC; however, we are not the primary beneficiary of the VIE.

Impact of Inflation

The impact of inflation on our operations has not been significant to date. However, there can be no assurance that a high rate of inflation in the future would not have an adverse impact on our operating results.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CINEDIGM CORP.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Cinedigm Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of (the “Company”) as of March 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive loss, deficit, and cash flows for each of the years in the two-year period ended March 31, 2020, and the related notes. In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2020 and 2019, and the consolidated results of its operations and its cash flows for each of the years in the two-year period ended March 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for leases in 2020 due to the adoption of Accounting Standards Update 2016-02 “Leases (Topic 842)”.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter

As discussed in Notes 1 and 12 to the consolidated financial statements, the Company has consummated a number of financing transactions subsequent to March 31, 2020.

/s/ EisnerAmper LLP

We have served as the Company’s auditor since 2004.

EISNERAMPER LLP
Iselin, New Jersey
July 2, 2020

CINEDIGM CORP.
CONSOLIDATED BALANCE SHEETS
(In thousands, except for share and per share data)

	March 31,	
	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 14,294	\$ 17,872
Accounts receivable, net	34,785	35,510
Inventory, net	582	673
Unbilled revenue	1,992	2,336
Prepaid and other current assets	9,409	8,488
Total current assets	61,062	64,879
Restricted cash	1,000	1,000
Equity investment in Starrise, a related party, at fair value	23,433	—
Property and equipment, net	7,967	14,047
Operating lease right-of use assets	1,210	—
Intangible assets, net	6,924	9,686
Goodwill	8,701	8,701
Other long-term assets	143	526
Total assets	\$ 110,440	\$ 98,839
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	\$ 77,085	\$ 68,707
Current portion of notes payable, including unamortized debt discount and debt issuance costs of \$460 and \$1,436, respectively (see Note 5)	37,249	43,319
Current portion of notes payable, non-recourse including unamortized debt discount of \$763 and \$0, respectively (see Note 5)	11,442	—
Operating lease liabilities	593	—
Current portion of deferred revenue	1,645	1,687
Total current liabilities	128,014	113,713
Notes payable, non-recourse, net of current portion and unamortized debt issuance costs and discounts of \$0 and \$1,495 respectively (see Note 5)	—	19,132
Operating lease liabilities, net of current portion	684	—
Deferred revenue, net of current portion	919	2,357
Other long-term liabilities	110	205
Total liabilities	129,727	135,407
Commitments and contingencies (see Note 7)		
Stockholders' Deficit		
Preferred stock, 15,000,000 shares authorized; Series A 10% - \$0.001 par value per share; 20 shares authorized; 7 shares issued and outstanding at March 31, 2020 and 2019. Liquidation preference of \$3,648	3,559	3,559
Common stock, \$0.001 par value; Class A stock 150,000,000 and 60,000,000 shares authorized at March 31, 2020 and 2019, respectively 63,251,429 and 36,992,433 shares issued and 61,937,593 and 35,678,597 shares outstanding at March 31, 2020 and 2019, respectively.	62	36
Additional paid-in capital	400,784	368,531
Treasury stock, at cost; 1,313,836 Class A common shares at March 31, 2020 and 2019.	(11,603)	(11,603)
Accumulated deficit	(410,904)	(395,814)
Accumulated other comprehensive income	92	10
Total stockholders' deficit of Cinedigm Corp.	(18,010)	(35,281)
Deficit attributable to noncontrolling interest	(1,277)	(1,287)
Total deficit	(19,287)	(36,568)
Total liabilities and deficit	\$ 110,440	\$ 98,839

See accompanying Notes to Consolidated Financial Statements

CINEDIGM CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except for share and per share data)

	For the Fiscal Year Ended March 31,	
	2020	2019
Revenues	\$ 39,291	\$ 53,534
Costs and expenses:		
Direct operating (excludes depreciation and amortization shown below)	17,146	16,120
Selling, general and administrative	16,344	27,661
Provision for doubtful accounts	758	1,620
Depreciation and amortization of property and equipment	6,620	8,124
Amortization of intangible assets	2,772	5,627
Total operating expenses	43,640	59,152
Loss from operations	(4,349)	(5,618)
Interest income	21	36
Interest expense	(7,258)	(10,292)
Changes in fair value of equity investment in Starrise, a related party	(1,618)	—
Other expense	(1,207)	(96)
Loss from operations before income taxes	(14,411)	(15,970)
Income tax expense	(313)	(295)
Net loss	(14,724)	(16,265)
Net (loss) income attributable to noncontrolling interest	(10)	32
Net loss attributable to controlling interests	(14,734)	(16,233)
Preferred stock dividends	(356)	(356)
Net loss attributable to common stockholders	\$ (15,090)	\$ (16,589)
Net loss per Class A common stock attributable to common stockholders - basic and diluted:		
Net loss attributable to common stockholders	\$ (0.34)	\$ (0.44)
Weighted average number of Class A common stock outstanding: basic and diluted	44,004,780	37,919,754

See accompanying Notes to Consolidated Financial Statements

CINEDIGM CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)

	For the Fiscal Year Ended March 31,	
	2020	2019
Net loss	\$ (14,724)	\$ (16,265)
Other comprehensive income: foreign exchange translation	82	48
Comprehensive loss	(14,642)	(16,217)
Less: comprehensive (loss) income attributable to noncontrolling interest	(10)	32
Comprehensive loss attributable to controlling interests	<u>\$ (14,652)</u>	<u>\$ (16,185)</u>

See accompanying Notes to Consolidated Financial Statements

CINEDIGM CORP.
CONSOLIDATED STATEMENTS OF DEFICIT
(In thousands, except share data)

	Series A Preferred Stock		Class A Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit	Non-Controlling Interest	Total Deficit
	Shares	Amount	Shares	Amount	Shares	Amount						
Balances as of March 31, 2018	7	\$ 3,559	34,948,139	\$ 35	1,313,836	\$(11,603)	\$ 366,223	\$ (379,225)	\$ (38)	\$ (21,049)	\$ (1,255)	\$ (22,304)
Foreign exchange translation	—	—	—	—	—	—	—	—	48	48	—	48
Issuance of shares for asset acquisition	—	—	137,667	—	—	—	106	—	—	106	—	106
Issuance of common stock for third party professional services	—	—	225,862	—	—	—	—	—	—	—	—	—
Fair value of conversion feature in connection with convertible note	—	—	—	—	—	—	270	—	—	270	—	270
Stock-based compensation	—	—	—	—	—	—	1,576	—	—	1,576	—	1,576
Issuance of restricted stock to employees	—	—	10,000	—	—	—	—	—	—	—	—	—
Preferred stock dividends paid with common stock	—	—	356,929	1	—	—	356	(356)	—	1	—	1
Net loss	—	—	—	—	—	—	—	(16,233)	—	(16,233)	(32)	(16,265)
Balances as of March 31, 2019	7	\$ 3,559	35,678,597	\$ 36	1,313,836	\$(11,603)	\$ 368,531	\$ (395,814)	\$ 10	\$ (35,281)	\$ (1,287)	\$ (36,568)

See accompanying Notes to Consolidated Financial Statements

CINEDIGM CORP.
CONSOLIDATED STATEMENTS OF DEFICIT
(In thousands, except share data)

	Series A Preferred Stock		Class A Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit	Non-Controlling Interest	Total Deficit
	Shares	Amount	Shares	Amount	Shares	Amount						
Balances as of March 31, 2019	7	\$ 3,559	35,678,597	\$ 36	1,313,836	\$(11,603)	\$ 368,531	\$ (395,814)	\$ 10	\$ (35,281)	\$ (1,287)	\$(36,568)
Foreign exchange translation	—	—	—	—	—	—	—	—	82	82	—	82
Issuance of Class A common stock for third party professional services	—	—	374,286	—	—	—	—	—	—	—	—	—
Issuance of Class A common stock to Bison	—	—	3,900,000	4	—	—	5,846	—	—	5,850	—	5,850
Issuance of Class A common stock in connection with the Starrise transaction, a related party	—	—	21,646,604	22	—	—	11,235	—	—	11,257	—	11,257
Contributed capital under the Starrise transaction, a related party	—	—	—	—	—	—	13,795	—	—	13,795	—	13,795
Fair value of conversion feature in connection with convertible note	—	—	—	—	—	—	478	—	—	478	—	478
Stock-based compensation	—	—	—	—	—	—	543	—	—	543	—	543
Preferred stock dividends paid with common stock	—	—	338,106	—	—	—	356	(356)	—	—	—	—
Net loss	—	—	—	—	—	—	—	(14,734)	—	(14,734)	10	(14,724)
Balances as of March 31, 2020	7	\$ 3,559	61,937,593	\$ 62	1,313,836	\$(11,603)	\$ 400,784	\$ (410,904)	\$ 92	\$ (18,010)	\$ (1,277)	\$(19,287)

See accompanying Notes to Consolidated Financial Statements

CINEDIGM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Fiscal Year Ended March 31,	
	2020	2019
Cash flows from operating activities:		
Net loss	\$ (14,724)	\$ (16,265)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization of property and equipment and amortization of intangible assets	9,392	13,751
Changes in fair value of equity investment in Starrise	1,618	—
Loss from sale of property and equipment	3	729
Amortization of debt issuance costs included in interest expense	1,218	1,888
Provision for doubtful accounts	758	1,469
Recovery for inventory reserve	(404)	(92)
Stock-based compensation and expenses	543	1,576
Accretion and PIK interest expense added to note payable	1,495	1,708
Changes in operating assets and liabilities:		
Accounts receivable	(33)	1,149
Inventory	495	211
Unbilled revenue	344	4,463
Prepaid and other current assets	554	2,660
Accounts payable and accrued expenses	7,983	(540)
Deferred revenue	(1,480)	(1,619)
Net cash provided by operating activities	7,762	11,088
Cash flows from investing activities:		
Purchases of property and equipment	(1,237)	(1,417)
Purchases of intangible assets	(10)	(553)
Net cash used in investing activities	(1,247)	(1,970)
Cash flows from financing activities:		
Payments of notes payable	(39,493)	(24,594)
Proceeds under revolving credit agreement, net	23,550	10,396
Proceeds from issuance of convertible note and notes payable	—	5,000
Net proceeds from issuance of Class A common stock	5,850	—
Net cash used in financing activities	(10,093)	(9,198)
Net change in cash and cash equivalents	(3,578)	(80)
Cash and cash equivalents at beginning of year	18,872	18,952
Cash and cash equivalents at end of year	\$ 15,294	\$ 18,872

See accompanying Notes to Consolidated Financial Statements

CINEDIGM CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND LIQUIDITY

Cinedigm Corp. ("Cinedigm," the "Company," "we," "us," or similar pronouns) was incorporated in Delaware on March 31, 2000. We are (i) a leading distributor and aggregator of independent movie, television and other short form content managing a library of distribution rights to thousands of titles and episodes released across digital, physical, theatrical, home and mobile entertainment platforms and (ii) a leading servicer of digital cinema assets in over 12,000 movie screens in both North America and several international countries.

Risks and Uncertainties

The COVID-19 pandemic and related economic repercussions have created significant volatility, uncertainty, and turmoil in certain industries. Closures of certain entertainment facilities and retail locations have significantly impacted consumers' behaviors as a result of the virus outbreak and corresponding preventative measures taken around the world to mitigate the spread of the virus. As part of our Content & Entertainment business, we sell physical goods, including DVDs and Blu-ray discs, at brick-and-mortar stores. Many of such stores in the United States closed during the spring of 2020 due to COVID-19 restrictions, and many of those have not yet re-opened, or have re-opened on a limited basis. We expect that we will experience a loss of sales of such physical goods due to such closures, and we cannot predict the extent of such losses, or how long the closures or limited openings of the stores may last. As a result of COVID-19, studios have temporarily halted distribution of new content to movie theatres due to mandatory theatre shutdown. Because our digital cinema business earns a Virtual Print Fee when a movie is first played on a system, the temporary theatre closures resulting from the COVID-19 pandemic will result in reduced revenues that service the Prospect Loan. We do not yet know the full impact of such reduced revenues or whether our ability to service the Prospect Loan will be materially affected. We expect the studios to reschedule, once the theatres reopen, the release of those movies originally scheduled during the temporary movie theatre closure. Management believes the cash flows from the Digital Cinema business, including the revenue from the sale of digital cinema projection systems, will be sufficient to pay the Prospect Loan. The Borrower on the Prospect Loan is Cinedigm DC Holdings, LLC and the Prospect Loan is only guaranteed by the digital cinema subsidiaries. Prospect has a security interest in certain digital cinema projection equipment and has no recourse to Cinedigm Corp., Cinedigm Entertainment Corp., Cinedigm Home Entertainment, LLC, OTT Holdings, LLC or any other non-digital cinema legal entity; provided, however, Cinedigm Corp. has provided a limited recourse guaranty pursuant to which it agreed to become a primary obligor of such indebtedness in certain specified circumstances, none of which have occurred as of the date hereof.

These events have negatively affected, and are expected to continue to negatively affect, our business and results of operations. Given the dynamic nature of these events, we cannot reasonably estimate the period of time that the COVID-19 pandemic and related closures and market conditions will persist, or the extent of the impact they will have on our business or results of operations and financial condition.

Liquidity

We have incurred net losses historically and have an accumulated deficit of \$410.9 million and negative working capital of \$67.0 million as of March 31, 2020. We may continue to generate net losses for the foreseeable future. In addition, we have significant debt-related contractual obligations as of March 31, 2020 and beyond. Based on these conditions, the Company entered into the following transactions described below:

Capital Raise

On May 20, 2020, the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") with certain investors (the "Investors") for the purchase and sale of 10,666,666 shares (the "Shares") of the Company's Class A common stock, par value \$0.001 per share, at a purchase price of \$0.75 per share, in a registered direct offering, pursuant to an effective shelf registration statement on Form S-3 which was declared effective by the Securities and Exchange Commission on May 14, 2020 and an applicable prospectus supplement.

The aggregate gross proceeds for the sale of the Shares was \$8.0 million. The net proceeds to the Company from the sale of the Shares, after deducting the fees of the placement agents but before paying the Company's estimated offering expenses, were approximately \$7.4 million. The Company intends to use the net proceeds for working capital and other general corporate

purposes, which may include, among other things, product development, acquisitions, capital expenditures, and other business opportunities.

As of June 29, 2020, there is still approximately \$2.0 million available under our shelf registration to raise additional capital.

On July 9, 2019, the Company entered into a common stock purchase agreement (the "July Stock Purchase Agreement") with BEMG pursuant to which 2,000,000 shares of Common Stock (the "July SPA Shares"), for an aggregate purchase price in cash of \$3.0 million priced at \$1.50 per share were sold to BEMG. The July SPA Shares are subject to certain transfer restrictions. The proceeds of the sale of the July SPA Shares sold were used for working capital purposes and the repayment of Second Lien Loans. In addition, the Company agreed to enter into a registration rights agreement for the resale of the July SPA Shares.

On August 2, 2019, the Company entered into another common stock purchase agreement (the "August Stock Purchase Agreement") with BEMG, where the Company sold to BEMG a total of 1,900,000 shares of Common Stock (the "August SPA Shares"), for an aggregate purchase price in cash of \$2.9 million priced at \$1.50 per share. The August SPA Shares are subject to certain transfer restrictions. The proceeds of the sale of the August SPA Shares sold were used for working capital purposes. In addition, the Company agreed to enter into a registration rights agreement for the resale of the August SPA Shares.

Equity Investment

As previously announced, on December 27, 2019, the Company entered into, and on February 14, 2020 amended, (see Note 2 - *Summary of Significant Accounting Policies*), a stock purchase agreement (as so amended, the "Stock Purchase Agreement") with BeiTai Investment LP ("BeiTai") and Aim Right Ventures Limited ("Aim Right"), two shareholders of Starrise Media Holdings Limited, a leading Chinese entertainment company ("Starrise"), to buy from them an aggregate of 410,901,000 outstanding Starrise ordinary shares (the "Share Acquisition"). On February 14, 2020, the Company purchased 162,162,162 of the Starrise ordinary shares from BeiTai and issued BeiTai 21,646,604 shares of its Class A common stock as consideration. On April 10, 2020, the Company, in accordance with the terms of the Stock Purchase Agreement, terminated its obligation to purchase Starrise ordinary shares from Aim Right under the December 27, 2019 stock purchase agreement.

On April 10, 2020, the Company entered into another stock purchase agreement (the "April Stock Purchase Agreement") with five (5) shareholders of Starrise-Bison Global Investment SPC - Bison Global No. 1 SP, Huatai Investment LP, Antai Investment LP, Mingtai Investment LP and Shangtai Asset Management LP, to buy an aggregate of 223,380,000 outstanding Starrise ordinary shares from them and for the Company to issue to them an aggregate of 29,855,081 shares of its Class A common stock in consideration thereof (the "April Share Acquisition"). On April 15, 2020, the April Share Acquisition was consummated and recorded as an equity investment in Starrise and is a related party transaction.

Starrise's ordinary shares (HK 1616) are listed on the main board of the Stock Exchange of Hong Kong Limited. Based on the closing price of HKD 0.73 per share on June 26, 2020, calculated at an exchange rate of 7.8 Hong Kong Dollars to 1 US dollar, the market value of Cinedigm's ownership in Starrise ordinary shares was approximately \$35.1 million.

Borrowings

On April 15, 2020, the Company received \$2.2 million from East West Bank, the Company's existing lender, pursuant to the Paycheck Protection Program (the "PPP Loan") of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP Loan matures on April 10, 2022 (the "Maturity Date"), accrues interest at 1% per annum and may be prepaid in whole or in part without penalty. No interest payments are due within the initial six months of the PPP Loan. The interest accrued during the initial six-month period is due and payable, together with the principal, on the Maturity Date. The Company intends to use all proceeds from the PPP Loan to retain employees, maintain payroll and make lease and utility payments to support business continuity throughout the COVID-19 pandemic, which amounts are intended to be eligible for forgiveness, subject to the provisions of the CARES Act and could be subject to repayment.

The Second Lien Loans (as defined in Note 5 - Notes Payable) were to mature on June 30, 2019. On June 28, 2019, the Company entered into a consent agreement with lenders of the Second Lien Loans to an extension of the Second Lien Loans pursuant to which (i) the Company paid down a portion of the outstanding principal amount plus accrued interest to date, and (ii) the maturity date of the remaining outstanding principal amount of the Second Lien Loans was extended to September 30, 2019. On July 30, 2019, one of the lenders, signed a waiver to defer the receipt of the portion of the outstanding principal amount on the Second Lien Loans agreed to be paid no later than September 30, 2019.

The Company paid \$3.4 million of the outstanding Second Lien Loans and expects to obtain additional capital from or through Bison Capital Holding Limited or an affiliate thereof ("Bison") for final payment of the remaining outstanding balances. On

October 24, 2019, the Company entered into a consent agreement to extend the maturity date to November 30, 2019. On January 8, 2020, the Company entered into another consent agreement to extend the maturity date to February 17, 2020. There were no consent fees paid for these extensions. On June 26, 2020, the Company entered into another consent agreement to extend the maturity date to September 30, 2020 and grant the Company options to extend further to March 31, 2021 and then to June 30, 2021. There was a consent fee of \$100,000 for this extension. See Note 5 - *Notes Payable* and Note 10 - *Subsequent Events*.

The \$10.0 million note payable ("2018 Loan") to Bison Global Investment SPC due July 20, 2019 is guaranteed by Bison Entertainment and Media Group ("BEMG"). On July 20, 2018, the Company also entered into a side letter (the "Letter") with BEMG, where BEMG agreed to guarantee the payment directly to Bison Global of any amount due if (i) the 2018 Loan matures prior to June 28, 2021 or (ii) Bison Global demands payment of the 2018 Loan, in whole or in part, prior to maturity.

On June 24, 2020, the Company entered into an exchange agreement (the "Exchange Agreement") pursuant to which the Company issued 329,501 shares of its Class A common stock, in exchange for \$842 thousand principal amount and accrued and unpaid interest of notes under the Company's Second Lien Loan Agreement dated as of July 14, 2016 among the Company, the lenders party thereto, and Cortland Capital Market Services LLC, as Agent, with the holders of such notes. The exchanged notes were immediately canceled. The exchange was consummated on June 24, 2020.

On July 12, 2019, the Company and Bison Global Investment SPC for and on behalf of Global Investment SPC-Bison Global No. 1, another affiliate of Bison ("Bison Global"), entered into a termination agreement (the "Termination Agreement") with respect to the \$10.0 million 2018 Loan. Contemporaneously with the Termination Agreement, the Company entered into a convertible promissory note ("Bison Convertible Note") with Bison Global for \$10.0 million.

The Bison Convertible Note has a term ending on March 4, 2020, and bears interest at 5% per annum. The principal is payable upon maturity, in cash or in shares of our Class A common stock, par value \$0.001 per share (the "Common Stock" or "Class A common stock"), or a combination of cash and Common Stock, at the Company's option. The Bison Convertible Note is unsecured and may be prepaid without premium or penalty, and contains customary covenants, representations and warranties. The proceeds of the Bison Convertible Note were used to repay the 2018 Loan. On April 15, 2020, the Company executed a letter amendment (the "Letter Amendment") to the Bison Convertible Note. Among other things, the Letter Amendment amended the Note, effective as of March 4, 2020, to extend the maturity date of the Bison Convertible note to March 4, 2021. The Bison Convertible note due 2021 is also convertible into Common Stock at our election. See Note 5 - *Notes Payable* and Note 12 - *Subsequent Events*.

On October 9, 2018, the Company issued a subordinated convertible note (the "Convertible Note") to MingTai Investment LP (the "Lender") for \$5.0 million. All proceeds from the Convertible Note were used to pay the \$5.0 million 2013 Notes. See Note 5 - *Notes Payable*. The Convertible Note bears interest at 8% and matured on October 9, 2019. The principal is payable upon maturity, in cash or in shares of our Class A common stock, or a combination of cash and Common Stock, at the Company's option. On October 9, 2019, the Company signed an extension to the Ming Tai Note of \$5.0 million for the first of two (2) permitted additional (1) year extensions at the Company's option from the original maturity date to October 9, 2020. This note will continue in full force and effect in accordance with its terms, including the Company's reservation of its right to further extend the maturity date of this note, if it so elects.

On July 3, 2019, the Company entered into an amendment (the "EWB Amendment") to the Loan, Guaranty and Security Agreement, dated as of March 30, 2018, by and between the Company, East West Bank and the Guarantors named therein (the "EWB Credit Agreement"). The EWB Amendment reduced the size of the facility to \$18.0 million, required certain prepayments and daily cash sweeps from collections of receivables to be made, changed in certain respects how the borrowing base is calculated, and extended the maturity date to June 30, 2020. In connection with the EWB Amendment, three of our subsidiaries became additional Guarantors under the EWB Credit Agreement. On June 26, 2020, the Company signed another amendment and extended the maturity date to June 30, 2021.

During the year ended March 31, 2020, the Company terminated the acquisition agreement with Future Today. The Company had prepaid \$1.0 million of the purchase price. Upon termination of the agreement, the \$1.0 million was written off and included in other expense on the consolidated statement of operations.

We believe the combination of: (i) our cash and cash equivalent balances as of March 31, 2020, (ii) expected cash flows from operations, (iii) cost cutting measures including payroll expense reduction and real estate occupancy cost reductions, and (iv) the extension of maturity dates of our borrowings, the Starrise equity investment, the capital raises during and subsequent to March 31, 2020, and the support or availability of funding from capital resources and financings will be sufficient to satisfy our contractual obligations, as well as liquidity for our operational and capital requirements, for twelve months from the filing

of this document. Our capital requirements will depend on many factors, and we may need to use capital resources and obtain additional capital. Failure to generate additional revenues, obtain additional capital or manage discretionary spending could have an adverse effect on our financial position, results of operations and liquidity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND CONSOLIDATION

Our consolidated financial statements include the accounts of Cinedigm and its wholly owned and majority owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Investments in which we do not have a controlling interest or are not the primary beneficiary, but have the ability to exert significant influence, are accounted for under the equity method of accounting. Noncontrolling interests for which we have been determined to be the primary beneficiary are consolidated and recorded as net loss attributable to noncontrolling interest. See Note 4 - *Other Interests* to the Consolidated Financial Statements for a discussion of our noncontrolling interests.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires us to make estimates and assumptions that affect the assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates include the adequacy of accounts receivable reserves, return reserves, inventory reserves, recovery of advances, assessment of goodwill impairment, intangible asset impairment and estimated amortization lives, valuation allowances for income taxes and stock awards. Actual results could differ from these estimates.

RECLASSIFICATIONS

Certain amounts in the prior year consolidated balance sheet has been reclassified to conform to the presentation of the current period.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

We consider all highly liquid investments with an original maturity of three months or less to be "cash equivalents." We maintain bank accounts with major banks, which, from time to time, may exceed the Federal Deposit Insurance Corporation's insured limits. We periodically assess the financial condition of the institutions and believe that the risk of any loss is minimal. Our Prospect Loan (as defined below) requires that we maintain specified cash balances that are restricted to repayment of interest thereunder. See Note 5 - *Notes Payable* for information about our restricted cash balances.

Cash, cash equivalents, and restricted cash consisted of the following:

(in thousands)	As of	
	March 31, 2020	March 31, 2019
Cash and Cash Equivalents	\$ 14,294	\$ 17,872
Restricted Cash	1,000	1,000
	<u>\$ 15,294</u>	<u>\$ 18,872</u>

EQUITY INVESTMENT IN STARRISE, A RELATED PARTY

On February 14, 2020, the Company acquired an approximately 11.5% interest in Starrise Media Holdings Limited (“Starrise”) a leading Chinese entertainment publicly traded company on the Stock Exchange of Hong Kong. The Company acquired such interest as a strategic investment and in a private transaction from a shareholder of Starrise that is related to our major shareholders. Our major shareholders also maintain a significant beneficial interest ownership in Starrise. Upon consummation of the transaction on February 14, 2020, the Company recorded an initial investment of approximately \$25.1 million, which is the fair market value of the Starrise shares on the transaction date on the Stock Exchange of Hong Kong, in exchange for the Company’s common stock of \$11.2 million, valued as of the date of the issuance of the Class A common stock of the Company. The difference in value of shares received in Starrise and shares issued by the Company is deemed as contributed capital and recorded in additional paid-in capital.

The Company has accounted for this investment under the equity method of accounting as the Company can exert significant influence over Starrise with its direct ownership and affiliation with the Company’s majority shareholders. The Company has made an irrevocable election to apply the fair value option under ASC 825-10, *Financial Instruments*, as it relates to its equity investment in Starrise.

As of March 31, 2020, the value of our equity investment in Starrise, using the readily determinable fair value method from the quoted trading price of the Stock Exchange of Hong Kong, was approximately \$23.4 million resulting in an unrealized loss for the change in fair value of approximately \$1.6 million on our consolidated statement of operations.

On April 10, 2020, the Company purchased an additional interest of 15% in Starrise in a private transaction from shareholders of Starrise that are affiliated with the major shareholder of Cinedigm. This transaction was also recorded as an equity investment in Starrise and the Company has made an irrevocable election to apply the fair value option under ASC 825-10, *Financial Instruments*.

ACCOUNTS RECEIVABLE

We maintain reserves for potential credit losses on accounts receivable. We review the composition of accounts receivable and analyze historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded primarily on a specific identification basis.

We record accounts receivable, long-term in connection with activation fees that we earn from our digital cinema equipment (the “Systems”) deployments that have extended payment terms. Such accounts receivable are discounted to their present value at prevailing market rate.

UNBILLED RECEIVABLES

Unbilled receivables represent amounts for which invoices have not yet been sent to clients.

ADVANCES

Advances, which are recorded within prepaid and other current assets within the consolidated balance sheets, represent amounts prepaid to studios or content producers for which we provide content distribution services. We evaluate advances regularly for recoverability and record impairment charges for amounts that we expect may not be recoverable as of the consolidated balance sheet date. Impairments and accelerated amortization related to advances was \$0.9 million and \$1.3 million for the years ended March 31, 2020 and 2019, respectively.

INVENTORY, NET

Inventory consists of finished goods of Company owned physical DVD and Blu-ray Disc titles and is stated at the lower of cost (determined based on weighted average cost) or market. We identify inventory items to be written down for obsolescence based on their sales status and condition. We write down discontinued or slow moving inventories based on an estimate of the markdown to retail price needed to sell through our current stock level of the inventories.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation expense is recorded using the straight-line method over the estimated useful lives of the respective assets as follows:

Computer equipment and software	3 - 5 years
Internal use software	5 years
Digital cinema projection systems	10 years
Machinery and equipment	3 - 10 years
Furniture and fixtures	3 - 6 years

We capitalize costs associated with software developed or obtained for internal use when the preliminary project stage is completed, and it is determined that the software will provide significantly enhanced capabilities and modifications. These capitalized costs are included in property and equipment and include external direct cost of services procured in developing or obtaining internal-use software and personnel and related expenses for employees who are directly associated with, and who devote time to internal-use software projects. Capitalization of these costs ceases once the project is substantially complete and the software is ready for its intended use. Once the software is ready for its intended use, the costs are amortized over the useful life of the software. Post-configuration training and maintenance costs are expensed as incurred.

Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the leasehold improvements. Maintenance and repair costs are charged to expense as incurred. Major renewals, improvements and additions are capitalized. Upon the sale or other disposition of any property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts and the gain or loss on disposal is included in the consolidated statements of operations.

FAIR VALUE MEASUREMENTS

The fair value measurement disclosures are grouped into three levels based on valuation factors:

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments and market corroborated inputs)
- Level 3 – significant unobservable inputs (including our own assumptions in determining the fair value of investments)

Assets and liabilities measured at fair value on a recurring basis use the market approach, where prices and other relevant information are generated by market transactions involving identical or comparable assets or liabilities.

The equity investment in Starrise is in Hong Kong dollars and was translated into US dollars as of March 31, 2020 at an exchange rate of 7.8 Hong Kong Dollars to 1 US Dollar. The fair value of this equity investment is measured by the quoted market price of Starrise on the Stock Exchange of Hong Kong.

The following tables summarize the levels of fair value measurements of our financial assets and liabilities as of March 31, 2020 and 2019:

(In thousands)	Level 1	Level 2	Level 3	Total
Restricted cash	\$ 1,000	\$ —	\$ —	\$ 1,000
Equity investment in Starrise, at fair value	23,433	—	—	23,433
	<u>\$ 24,433</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 24,433</u>

Our cash and cash equivalents, accounts receivable, unbilled revenue and accounts payable and accrued expenses are financial instruments that are recorded at cost in the consolidated balance sheets because the estimated fair values of these financial instruments approximate their carrying amounts due to their short-term nature. At March 31, 2020 and 2019, the estimated fair value of our fixed rate debt approximated its carrying amount. We estimated the fair value of debt based upon current interest rates available to us at the respective balance sheet dates for arrangements with similar terms and conditions. Based on borrowing rates currently available to us for loans with similar terms, the fair value of the variable rate debt is \$33.7 million, and lease obligations approximates fair value.

IMPAIRMENT OF LONG-LIVED AND FINITE-LIVED ASSETS

We review the recoverability of our long-lived assets and finite-lived intangible assets, when events or conditions occur that indicate a possible impairment exists. The assessment for recoverability is based primarily on our ability to recover the carrying value of our long-lived and finite-lived assets from expected future undiscounted net cash flows. If the total of expected future undiscounted net cash flows is less than the total carrying value of the asset, the asset is deemed not to be recoverable and possibly impaired. We then estimate the fair value of the asset to determine whether an impairment loss should be recognized. An impairment loss will be recognized if the asset's fair value is determined to be less than its carrying value. Fair value is determined by computing the expected future discounted cash flows. During the years ended March 31, 2020 and 2019, no impairment charge was recorded in operations for long-lived assets or finite-lived assets.

GOODWILL

Goodwill is the excess of the purchase price paid over the fair value of the net assets of an acquired business. Goodwill is tested for impairment on an annual basis or more often if warranted by events or changes in circumstances indicating that the carrying value may exceed fair value, also known as impairment indicators.

Inherent in the fair value determination for each reporting unit are certain judgments and estimates relating to future cash flows, including management's interpretation of current economic indicators and market conditions, and assumptions about our strategic plans with regard to its operations. To the extent additional information arises, market conditions change or our strategies change, it is possible that the conclusion regarding whether our remaining goodwill is impaired could change and result in future goodwill impairment charges that will have a material effect on our consolidated financial position or results of operations.

The Company has the option to assess goodwill for possible impairment by performing a qualitative analysis to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount or to perform the quantitative impairment test.

The quantitative test involves comparing the estimated fair value of a reporting unit with its respective book value, including goodwill. If the estimated fair value exceeds book value, goodwill is considered not to be impaired. If, however, the fair value of the reporting unit is less than book value, an impairment loss is recognized in an amount equal to the excess.

The Company tests for good will impairment annually at March 31. During the years ended March 31, 2020 and 2019, there were no impairment charges recorded on goodwill. In 2020 and 2019, we elected to conduct a quantitative goodwill assessment at March 31, 2020 and 2019, respectively.

In determining fair value of the Content and Entertainment ("CEG") reporting unit, we used various assumptions, including expectations of future cash flows based on projections or forecasts derived from analysis of business prospects, economic or market trends and any regulatory changes that may occur. We estimated the fair value of the reporting unit using a net present value methodology, which is dependent on significant assumptions related to estimated future discounted cash flows, discount rates and tax rates. The assumptions for the goodwill impairment test should not be construed as earnings guidance or long-term projections. Our cash flow assumptions are based on internal projections of adjusted EBITDA for the CEG reporting unit. For the years ended March 31, 2020 and 2019, we assumed a market-based weighted average cost of capital of 17% to discount cash flows for our CEG segment and used a blended federal and state tax rate of approximately 20% as of March 31, 2020 and 2019, respectively. Based on such assumptions, the estimated fair value of the CEG reporting unit as calculated for goodwill testing purposes exceeded its carrying value, and therefore there was no goodwill impairment charge for the years ended March 31, 2020 and 2019.

Goodwill and accumulated impairment charges as of March 31, 2020 and 2019 are as follows:

(In thousands)

Goodwill	\$	32,701
Accumulated impairment charges		(24,000)
Net Goodwill at March 31, 2020 and 2019	\$	8,701

PARTICIPATIONS AND ROYALTIES PAYABLE

When we use third parties to distribute company owned content, we record participations payable, which represent amounts owed to the distributor under revenue-sharing arrangements. When we provide content distribution services, we record accounts payable and accrued expenses to studios or content producers for royalties owed under licensing arrangements. We identify and record as a reduction to the liability any expenses that are to be reimbursed to us by such studios or content producers. See Note 3 - *Consolidated Balance Sheet Components*.

DEBT ISSUANCE COSTS

We incur debt issuance costs in connection with long-term debt financings. Such costs are recorded as a direct deduction to notes payable and amortized over the terms of the respective debt obligations using the effective interest rate method. Debt issuance costs recorded in connection with revolving debt arrangements are presented as assets on the consolidated balance sheets and are amortized over the term of the revolving debt agreements using the effective interest rate method.

REVENUE RECOGNITION

We determine revenue recognition by:

- identifying the contract, or contracts, with the customer;
- identifying the performance obligations in the contract;
- determining the transaction price;
- allocating the transaction price to performance obligations in the contract; and
- recognizing revenue when, or as, we satisfy performance obligations by transferring the promised goods or services.

We recognize revenue in the amount that reflects the consideration we expect to receive in exchange for the services provided, sales of physical products (DVD's and Blu-ray) or when the content is available for subscription on the digital platform or available on the point-of-sale for transactional and VOD services which is when the control of the promised products and services is transferred to our customers and our performance obligations under the contract have been satisfied. Revenues that might be subject to various taxes is recorded net of transaction taxes assessed by governmental authorities such as sales value-added taxes and other similar taxes.

Payment terms and conditions vary by customer and typically provide net 30 to 90 day terms. We do not adjust the promised amount of consideration for the effects of a significant financing component when we expect, at contract inception, that the period between our transfer of a promised product or service to our customer and payment for that product or service will be one year or less. We have in the past entered into arrangements in connection with activation fees due from our digital cinema equipment (the "Systems") deployments that had extended payment terms. The outstanding balances on these arrangements are insignificant and hence the impact of significant financing would be insignificant.

Cinema Equipment Business

Virtual print fees ("VPFs") are earned, net of administrative fees, pursuant to contracts with movie studios and distributors, whereby amounts are payable by a studio to Cinedigm Digital Funding I, LLC. ("Phase 1 DC") and to Access Digital Cinema Phase 2 Corp. ("Phase 2 DC") when movies distributed by the studio are displayed on screens utilizing our Systems installed in movie theatres. VPFs are earned and payable to Phase 1 DC based on a defined fee schedule until the end of the VPF term. One VPF is payable for every digital title initially displayed per System. The amount of VPF revenue is dependent on the number of movie titles released and displayed using the Systems in any given accounting period. VPF revenue is recognized in the period in which the digital title first plays on a System for general audience viewing in a digitally equipped movie theatre, as Phase 1 DC's and Phase 2 DC's performance obligations have been substantially met at that time.

Phase 2 DC's agreements with distributors require the payment of VPFs, according to a defined fee schedule, for ten years from the date each system is installed; however, Phase 2 DC may no longer collect VPFs once "cost recoupment," as defined in the contracts with movie studios and distributors, is achieved. Cost recoupment will occur once the cumulative VPFs and other cash receipts collected by Phase 2 DC have equaled the total of all cash outflows, including the purchase price of all Systems, all financing costs, all "overhead and ongoing costs", as defined, and including service fees, subject to maximum agreed upon amounts during the three-year rollout period and thereafter. Further, if cost recoupment occurs before the end of the eighth contract year, the studios will pay us a one-time "cost recoupment bonus." The Company evaluated the constraining estimates related to the variable consideration, i.e. the one-time bonus and determined that it is not probable to conclude at this point in

time, that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Under the terms of our standard cinema equipment licensing agreements, exhibitors will continue to have the right to use our Systems through the end of the term of the licensing agreement, after which time, they have the option to: (1) return the Systems to us; (2) renew their license agreement for successive one-year terms; or (3) purchase the Systems from us at fair market value. As permitted by these agreements, we have begun, and expect to continue, to pursue the sale of the Systems to such exhibitors. Such sales were as originally contemplated as the conclusion of the digital cinema deployment plan. Cinedigm completed the sale of 152 digital projection Systems for an aggregate sales price of approximately \$1.6 million, and recognized revenue of \$1.4 million, during the year ended March 31, 2020. During the year ended March 31, 2019, Cinedigm completed the sale of 321 digital projection Systems for an aggregate sales price of approximately \$3.7 million, and recognized revenue of \$2.8 million.

Revenues earned in connection with up front exhibitor contributions are deferred and recognized over the expected cost recoupment period.

Exhibitors who purchased and own Systems using their own financing in the Cinema Equipment Business paid us an upfront activation fee of approximately \$2.0 thousand per screen (the "Exhibitor-Buyer Structure"). Upfront activation fees were recognized in the period in which these Systems were delivered and ready for content, as we had no further obligations to the customer after that time and collection was reasonably assured. In addition, we recognize activation fee revenue of between \$1.0 thousand and \$2.0 thousand on Phase 2 DC Systems and for Systems installed by CDF2 Holdings, a related party, (See Note 4 - *Other Interests*) upon installation and such fees are generally collected upfront upon installation. Our services segment manages and collects VPFs on behalf of exhibitors, for which it earns an administrative fee equal to 10% of the VPFs collected.

The Cinema Equipment Business earns an administrative fee of approximately 5% of VPFs collected and, in addition, earns an incentive service fee equal to 2.5% of the VPFs earned by Phase 1 DC. This administrative fee is related to the collection and remittance of the VPF's and the performance obligation is satisfied at that time the related VPF fees are due which is at the time the movies are displayed on screens utilizing our Systems installed in movie theatres. The service fees are recognized as a point in time revenue when the corresponding VPF fees are due from the movie studios and distributors.

Content & Entertainment Business

CEG earns fees for the distribution of content in the home entertainment markets via several distribution channels, including digital, video on demand ("VOD"), and physical goods (e.g. DVD and Blu-ray Discs). Fees earned are typically based on the gross amounts billed to our customers less the amounts owed to the media studios or content producers under distribution agreements, and gross media sales of owned or licensed content. Depending upon the nature of the agreements with the platform and content providers, the fee rate that we earn varies. The Company's performance obligations include the delivery of content for subscription on the digital platform, shipment of DVD and Blu-ray Discs, or make available at point-of-sale for transactional and VOD services. Revenue is recognized at the point in time when the performance obligation is satisfied which is when the content is available for subscription on the digital platform, at the time of shipment for physical goods, or point-of-sale for transactional and VOD services as the control over the content or the physical title is transferred to the customer. The Company considers the delivery of content through various distribution channels to be a single performance obligation. Revenue is recognized after deducting the reserves for product returns and other allowances, which are accounted for as variable consideration.

Reserves for product returns and other allowances are recorded based upon historical experience. If actual future returns and allowances differ from past experience, adjustments to our allowances may be required.

CEG also has contracts for the theatrical distribution of third party feature movies and alternative content. CEG's distribution fee revenue and CEG's participation in box office receipts is recognized at the time a feature movie and alternative content are viewed. CEG has the right to receive or bill a portion of the theatrical distribution fee in advance of the exhibition date, and therefore such amount is recorded as a receivable at the time of execution, and all related distribution revenue is deferred until the third party feature movies' or alternative content's theatrical release date.

Principal Agent Considerations

We determine whether revenue should be reported on a gross or net basis based on each revenue stream. Key indicators that we use in evaluating gross versus net treatment include, but are not limited to, the following:

- which party is primarily responsible for fulfilling the promise to provide the specified good or service; and
- which party has discretion in establishing the price for the specified good or service.

Based on our evaluation of the above indicators, we concluded that there were no changes to our gross versus net reporting from previous GAAP.

Shipping and Handling

Shipping and handling costs are incurred to move physical goods (e.g. DVD and Blu-ray Discs) to customers. We recognize all shipping and handling costs as an expense in cost of goods sold because we are responsible for delivery of the product to our customers prior to transfer of control to the customer.

Contract Liabilities

We generally record a receivable related to revenue when we have an unconditional right to invoice and receive payment, and we record deferred revenue (contract liability) when cash payments are received or due in advance of our performance, even if amounts are refundable.

We maintain reserves for potential credit losses on accounts receivable. We review the composition of accounts receivable and analyze historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded primarily on a specific identification basis.

Our CEG segment recognizes accounts receivable, net of an estimated allowance for product returns and customer chargebacks, at the time that it recognizes revenue from a sale. Reserves for product returns and other allowances are recorded based upon historical experience. If actual future returns and allowances differ from past experiences, adjustments to our allowances may be required. Sales returns and allowances are reported as a reduction of revenues.

We record accounts receivable, long-term in connection with activation fees that we earn from Systems deployments that have extended payment terms. Such accounts receivable are discounted to their present value at prevailing market rates. The outstanding balances on these arrangements are insignificant and hence the impact of significant financing would be insignificant.

Deferred revenue pertaining to CEG includes amounts related to the sale of DVD's with future release dates.

Deferred revenue relating to our Cinema Equipment Business pertains to revenues earned in connection with up front exhibitor contributions that are deferred and recognized over the expected cost recoupment period. It also includes unamortized balances in connection with activation fees due from the Systems deployments that have extended payment terms.

The ending deferred revenue balance, including current and non-current balances, as of March 31, 2020 was \$2.6 million. For the year ended March 31, 2020, the additions to our deferred revenue balance were primarily due to cash payments received or due in advance of satisfying performance obligations, while the reductions to our deferred revenue balance were primarily due to the recognition of revenue upon fulfillment of our performance obligations, both of which were in the ordinary course of business.

During the years ended March 31, 2020 and 2019, \$4.2 million and \$4.1 million, respectively, of revenue was recognized that was included in the deferred revenue balance at the beginning of the year. As of March 31, 2020, the aggregate amount of contract revenue allocated to unsatisfied performance obligations is \$2.6 million. We expect to recognize approximately \$1.6 million of this balance over the next 12 months, and the remainder thereafter.

Disaggregation of Revenue

The Company disaggregates revenue into different revenue categories for the Cinema Equipment and CEG Businesses. The Cinema Equipment Business revenue categories are: Phase I Deployment revenue, Phase II Deployment revenue and Services, and the CEG Business revenue categories are: Base Distribution Business and OTT Streaming and Digital.

The following tables present the Company's revenue categories for the years ended March 31, 2020 and 2019 (in thousands):

	For the Fiscal Year Ended March 31,	
	2020	2019
Cinema Equipment Business:		
Phase I Deployment	\$ 5,476	\$ 9,302
Phase II Deployment	1,717	8,651
Services	4,122	5,487
Digital System Sales	1,426	2,759
Total Cinema Equipment Business revenue	<u>\$ 12,741</u>	<u>\$ 26,199</u>
Content & Entertainment Business:		
Base Distribution Business	\$ 19,222	\$ 17,639
OTT Streaming and Digital	7,328	9,696
Total Content & Entertainment Business revenue	<u>\$ 26,550</u>	<u>\$ 27,335</u>

DIRECT OPERATING COSTS

Direct operating costs consist of operating costs such as cost of goods sold, fulfillment expenses, shipping costs, property taxes and insurance on Systems, royalty expenses, impairments of advances, and marketing and direct personnel costs.

STOCK-BASED COMPENSATION

Employee and director stock-based compensation expense related to our stock-based awards was as follows:

(In thousands)	For the Fiscal Year Ended March 31,	
	2020	2019
Direct operating	\$ —	\$ —
Selling, general and administrative	543	1,576
Total stock-based compensation expense	<u>\$ 543</u>	<u>\$ 1,576</u>

During the years ended March 31, 2020 and 2019, the Company granted zero and 2,277,830 stock appreciation rights ("SARs") to its executives, of which 815,220 SARs were forfeited due to the terminations of two executives during the year ended March 31, 2019.

The SARs were granted under the Company's 2017 Equity Incentive Plan (the "2017 Plan"). There was \$441 thousand and \$566 thousand of stock-based compensation recorded for the year ended March 31, 2020 and 2019 relating to these SARs.

Total SARs outstanding are as follows:

	For the Fiscal Year Ended March 31, 2020
SARs Outstanding March 31, 2019	1,462,610
Issued	—
Forfeited	—
Total SARs Outstanding March 31, 2020	<u>1,462,610</u>

On July 26, 2018, the Company granted 1,941,402 units of performance stock units ("PSUs") to certain executives and employees under the 2017 Plan. The total PSUs represent the maximum number of units eligible to vest at the end of the performance period. The awards vest in two tranches: one at each of March 31, 2019 and March 31, 2020, based on the Company achieving certain financial targets at each period. The Company engaged an outside consulting firm to provide valuation services relating to estimating the fair value of these PSUs for the period ending March 31, 2019. The actual results

of the consolidated financial statements for the year ended March 31, 2020 were used to determine the fair value, and based on the actual results, the fair value of the PSUs, was determined to be zero. There was a cumulative adjustment of \$166 thousand of stock based compensation recorded for year ended March 31, 2020 and \$744 thousand of stock-based compensation recorded for the year ended March 31, 2019, related to these PSUs. During the year ended March 31, 2020 and 2019, 27,256 and 550,818 PSUs were forfeited due to employee terminations. In addition, all of 667,278 units of Tranche B were forfeited due to not attaining the performance targets for the year ended March 31, 2020.

Total PSUs outstanding are as follows:

	For the Fiscal Year Ended March 31, 2020
PSUs Outstanding March 31, 2019	1,390,584
Issued	—
Forfeited	694,534
Total PSUs Outstanding March 31, 2020	696,050

There were 374,286 and 225,862 shares of Class A common stock issued to the board of directors for years ended March 31, 2020 and 2019, respectively, constituting payment of the stock portion of board service retainer fee. There was \$263 thousand of stock-based compensation recorded for the years ended March 31, 2020 and 2019, respectively, related to the board of directors.

There were 10,000 restricted shares awarded to an employee during the twelve months ended March 31, 2019, at a weighted average price of \$1.52, of which 3,333 shares were vested and 6,667 shares were unvested and outstanding as of March 31, 2020. Stock-based compensation recorded in the year ended March 31, 2020 and 2019 was \$5 thousand and \$4 thousand respectively related to these awards. There were no shares awarded for the year ended March 31, 2020.

INCOME TAXES

The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to operating loss and tax credit carryforwards and for differences between the carrying amounts of existing assets and liabilities and their respective tax bases.

Valuation allowances are established when management is unable to conclude that it is more likely than not that some portion, or all, of the deferred tax asset will ultimately be realized. The Company is primarily subject to income taxes in the United States.

The Company accounts for uncertain tax positions in accordance with an amendment to ASC Topic 740-10, *Income Taxes (Accounting for Uncertainty in Income Taxes)*, which clarified the accounting for uncertainty in tax positions. This amendment provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained were it to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the "more-likely-than-not" threshold, the largest amount of tax benefit that is more than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Company has no uncertain tax positions.

NET LOSS PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS

Basic and diluted net loss per common share has been calculated as follows:

Basic and diluted net loss per common share attributable to common shareholders =	$\frac{\text{Net loss attributable to common shareholders}}{\text{Weighted average number of common stock shares outstanding during the period}}$
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Stock issued and treasury stock repurchased during the period are weighted for the portion of the period that they are outstanding. Shares issued and any shares that are reacquired during the period are weighted for the portion of the period that they are outstanding.

We incurred net losses for the fiscal years ended March 31, 2020 and 2019 and therefore, the impact of potentially dilutive common shares from outstanding stock options and warrants totaling 4,117,323 shares and 4,195,371 shares as of March 31, 2020 and 2019, respectively, and 9,999,999 shares from the convertible note issued October 9, 2018 and July 12, 2019, were excluded from the computation of net loss per share for the fiscal years ended March 31, 2020 and 2019, respectively, as their impact would have been anti-dilutive.

COMPREHENSIVE LOSS

As of March 31, 2020 and 2019, comprehensive loss consisted of net loss and foreign currency translation adjustments.

RECENT ACCOUNTING PRONOUNCEMENTS

Recently adopted

In February, 2016, the Financial Accounting Standards Board ("FASB") issued guidance amending the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. On April 1, 2019, the Company adopted the new leasing standard using the prospective transaction method. See Note 7- *Commitments and Contingencies* for further details.

In June 2018, the FASB issued ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting* to simplify the accounting for nonemployee share-based payment transactions by expanding the scope of ASC Topic 718, Compensation - Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. Under the new standard, most of the guidance on stock compensation payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. This standard is effective for annual reporting periods beginning after December 15, 2018, including interim reporting periods within those annual reporting periods, with early adoption permitted. The Company adopted this guidance as of April 1, 2019 and it did not have a material impact on the Company's consolidated financial statements.

Not yet adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which provides new guidance regarding the measurement and recognition of credit impairment for certain financial assets. Such guidance will impact how the Company determines its allowance for estimated uncollectible receivables and evaluates its available-for-sale investments for impairment. ASU 2016-13 is effective for the Company in the first quarter of 2023. The Company is currently evaluating the effect that ASU 2016-13 will have on its consolidated financial statements and related disclosures.

3. CONSOLIDATED BALANCE SHEET COMPONENTS

ACCOUNTS RECEIVABLE

Accounts receivable, net consisted of the following:

(In thousands)	As of March 31,	
	2020	2019
Trade receivables	\$ 40,073	\$ 40,039
Allowance for doubtful accounts	(5,288)	(4,529)
Total accounts receivable, net	\$ 34,785	\$ 35,510

PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets consisted of the following:

(In thousands)	As of March 31,	
	2020	2019
Non-trade accounts receivable, net	\$ 509	\$ 2,658
Advances	7,240	4,051
Due from producers	1,009	687
Prepaid insurance	336	419
Other prepaid expenses	315	673
Total prepaid and other current assets	\$ 9,409	\$ 8,488

PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

(In thousands)	As of March 31,	
	2020	2019
Leasehold improvements	\$ 183	\$ 231
Computer equipment and software	1,051	1,096
Software development costs	3,950	3,034
Internal use software in process	1,212	1,361
Digital cinema projection systems	324,760	336,471
Machinery and equipment	437	490
Furniture and fixtures	24	146
	331,617	342,829
Less - accumulated depreciation and amortization	(323,650)	(328,782)
Total property and equipment, net	\$ 7,967	\$ 14,047

Total depreciation and amortization of property and equipment was \$6.6 million and \$8.1 million for the years ended March 31, 2020 and 2019, respectively.

INTANGIBLE ASSETS

Intangible assets, net consisted of the following:

(In thousands)	As of March 31, 2020			
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Useful Life (years)
Trademarks	\$ 271	\$ (259)	\$ 12	3
Customer relationships and contracts	21,968	(15,473)	6,495	3-15
Theatre relationships	550	(527)	23	10-12
Content library	20,420	(20,026)	394	3-6
	\$ 43,209	\$ (36,285)	\$ 6,924	

As of March 31, 2019

(In thousands)	Gross Carrying Amount	Accumulated Amortization	Net Amount	Useful Life (years)
Trademarks	\$ 271	\$ (252)	\$ 19	3
Customer relationships and contracts	21,969	(13,366)	8,603	3-15
Theatre relationships	550	(481)	69	10-12
Content library	20,410	(19,415)	995	5-6
	<u>\$ 43,200</u>	<u>\$ (33,514)</u>	<u>\$ 9,686</u>	

Amortization expense related to intangible assets was \$2.8 million and \$5.6 million for the years ended March 31, 2020 and 2019, respectively.

Based on identified intangible assets that are subject to amortization as of March 31, 2020, we expect future amortization expense for each period to be as follows:

(In thousands) Fiscal years ending March 31,

2021	\$	2,354
2022		1,287
2023		650
2024		645
2025		645
Thereafter		1,343
Total	<u>\$</u>	<u>6,924</u>

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following:

(In thousands)	As of March 31,	
	2020	2019
Accounts payable	\$ 50,708	\$ 38,393
Participations and royalties payable	19,599	22,611
Accrued compensation and benefits	1,237	3,098
Accrued taxes payable	453	322
Interest payable	954	96
Accrued other expenses	4,134	4,187
Total accounts payable and accrued expenses	<u>\$ 77,085</u>	<u>\$ 68,707</u>

4. OTHER INTERESTS

Investment in CDF2 Holdings

We indirectly own 100% of the common equity of CDF2 Holdings, LLC ("CDF2 Holdings"), which was created for the purpose of capitalizing on the conversion of the exhibition industry from film to digital technology. CDF2 Holdings assists its customers in procuring the equipment necessary to convert their Systems to digital technology by providing financing, equipment, installation and related ongoing services.

CDF2 Holdings is a Variable Interest Entity ("VIE"), as defined in Accounting Standards Codification Topic 810 ("ASC 810"), "Consolidation." ASC 810 requires the consolidation of VIEs by an entity that has a controlling financial interest in the VIE which entity is thereby defined as the primary beneficiary of the VIE. To be a primary beneficiary, an entity must have the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, among other factors. Although we indirectly, wholly own CDF2 Holdings, we, a third party that also has a variable interest in CDF2 Holdings, and an independent third party

manager must mutually approve all business activities and transactions that significantly impact CDF2 Holdings' economic performance. We have therefore assessed our variable interests in CDF2 Holdings and determined that we are not the primary beneficiary of CDF2 Holdings. As a result, CDF2 Holdings' financial position and results of operations are not consolidated in our financial position and results of operations. In completing our assessment, we identified the activities that we consider most significant to the economic performance of CDF2 Holdings and determined that we do not have the power to direct those activities, and therefore we account for our investment in CDF2 Holdings under the equity method of accounting.

As of March 31, 2020 and 2019, our maximum exposure to loss, as it relates to the non-consolidated CDF2 Holdings entity, represents accounts receivable for service fees under a master service agreement with CDF2 Holdings. Such accounts receivables were \$0.4 million as of March 31, 2020 and 2019, respectively, which are included within our accounts receivable, net on the accompanying consolidated balance sheets.

During the years ended March 31, 2020 and 2019, we received \$1.1 million and \$1.1 million, respectively, in aggregate revenues through digital cinema servicing fees from CDF2 Holdings, which are included in our revenues on the accompanying consolidated statements of operations.

Total Stockholder's Deficit of CDF2 Holdings at March 31, 2020 and 2019 was \$31.8 million and \$28.9 million, respectively. We have no obligation to fund the operating loss or the stockholder's deficit beyond our initial investment of \$2.0 million and accordingly, our investment in CDF2 Holdings is carried at \$0 as of March 31, 2020 and 2019.

Majority Interest in CONtv

We own an 85% interest in CON TV, LLC, a worldwide digital network that creates original content, and sells and distributes on demand digital content on the Internet and other consumer digital distribution platforms, such as gaming consoles, set-top boxes, handsets, and tablets.

5. NOTES PAYABLE

Notes payable consisted of the following:

(In thousands)	As of March 31, 2020		As of March 31, 2019	
	Current Portion	Long Term Portion	Current Portion	Long Term Portion
Prospect Loan	\$ 12,205	\$ —	\$ —	\$ 20,627
Total non-recourse notes payable	12,205	—	—	20,627
Less: Unamortized debt issuance costs and debt discounts	(763)	—	—	(1,495)
Total non-recourse notes payable, net of unamortized debt issuance costs and debt discounts	\$ 11,442	\$ —	\$ —	\$ 19,132
Bison note payable	\$ 10,000	\$ —	\$ 10,000	\$ —
Second Secured Lien Notes	8,222	—	11,132	—
Credit Facility	14,487	—	18,623	—
Convertible Note	5,000	—	5,000	—
Total recourse notes payable	37,709	—	44,755	—
Less: Unamortized debt issuance costs and debt discounts	(460)	—	(1,436)	—
Total recourse notes payable, net of unamortized debt issuance costs and debt discounts	\$ 37,249	\$ —	\$ 43,319	\$ —
Total notes payable, net of unamortized debt issuance costs	\$ 48,691	\$ —	\$ 43,319	\$ 19,132

Non-recourse debt is generally defined as debt whereby the lenders' sole recourse with respect to defaults, is limited to the value of the asset, which is collateral for the debt. Certain of our subsidiaries are liable with respect to, and their assets serve as collateral for, certain indebtedness for which our assets and the assets of our other subsidiaries that are not parties to the transaction are generally not liable. We have referred to this indebtedness as "non-recourse debt" because the recourse of the lenders is limited to the assets of specific subsidiaries. Such indebtedness includes the Prospect Loan, the KBC Facilities.

Prospect Loan

In February 2013, our DC Holdings, AccessDM and Phase 2 DC subsidiaries entered into a term loan agreement (the “Prospect Loan”) with Prospect Capital Corporation (“Prospect”), pursuant to which DC Holdings borrowed \$70.0 million. The Prospect Loan bears interest at LIBOR plus 9.0% (with a 2.0% LIBOR floor), which is payable in cash, and at an additional 2.50% to be accrued as an increase to the aggregate principal amount of the Prospect Loan until the 2013 Credit Agreement is paid off, at which time all accrued interest will be payable in cash.

Collections of DC Holdings accounts receivable are deposited into accounts designated to pay certain operating expenses, principal, interest, fees, and costs and expenses relating to the Prospect Loan. On a quarterly basis, if funds remain after the payment of all such amounts, they are applied to prepay the Prospect Loan. Amounts designated for these purposes, included in cash and cash equivalents on the consolidated balance sheets, totaled \$3.1 million and \$3.0 million as of March 31, 2020 and 2019, respectively. We also maintain a debt service fund under the Prospect Loan for future principal and interest payments. As of March 31, 2020 and 2019, the debt service fund had a balance of \$1.0 million, which is classified as restricted cash on the consolidated balance sheets.

The Prospect Loan matures on March 31, 2021 and may be accelerated upon a change in control (as defined in the agreement) or other events of default as set forth therein and would be subject to mandatory acceleration upon insolvency of DC Holdings. We are permitted to pay the full outstanding balance of the Prospect Loan at any time after the second anniversary of the initial borrowing, subject to the following prepayment penalties:

- 5.0% of the principal amount prepaid between the second and third anniversaries of issuance;
- 4.0% of the principal amount prepaid between the third and fourth anniversaries of issuance;
- 3.0% of the principal amount prepaid between the fourth and fifth anniversaries of issuance;
- 2.0% of the principal amount prepaid between the fifth and sixth anniversary of issuance;
- 1.0% of the principal amount prepaid between the sixth and seventh anniversaries of issuance; and
- No penalty if the balance of the Prospect Loan, including accrued interest, is prepaid thereafter.

The Prospect Loan is secured by, among other things, a first priority pledge of the stock of CDF2 Holdings, our wholly owned unconsolidated subsidiary, the stock of AccessDM, owned by DC Holdings, and the stock of our Phase 2 DC subsidiary, and is also guaranteed by AccessDM and Phase 2 DC. We provide limited financial support to the Prospect Loan not to exceed \$1.5 million per year in the event financial performance does not meet certain defined benchmarks.

The Prospect Loan contains customary representations, warranties, affirmative covenants, negative covenants and events of default.

The following table summarizes the activity related to the Prospect Loan:

(In thousands)	As of March 31,	
	2020	2019
Prospect Loan, at issuance	\$ 70,000	\$ 70,000
PIK Interest	4,778	4,778
Payments to date	(62,573)	(54,151)
Prospect Loan, net	\$ 12,205	\$ 20,627
Less current portion	(12,205)	—
Total long-term portion	\$ —	\$ 20,627

Bison Note Payable

As discussed in Note 1 - *Nature of Operations and Liquidity*, the Company entered into a Loan with Bison for \$10.0 million and issued Warrants to purchase 1,400,000 shares of the Company's Class A Common Stock. See Note 6 - *Stockholders' Deficit* for further discussion of the warrants.

The loan was made in accordance with the Stock Purchase Agreement between the Company and Bison Entertainment Investment Limited, another affiliate of Bison, entered into on June 29, 2017 (the "Stock Purchase Agreement").

On July 20, 2018, the Company entered into a term loan agreement (the “2018 Loan Agreement”) with Bison Global, pursuant to which the Company borrowed from Bison Global \$10.0 million (the “2018 Loan”). The 2018 Loan has a one (1) year term

that may be extended by mutual agreement of Bison Global and the Company and bears interest at 5% per annum, payable quarterly in cash. On July 12, 2019, we entered into a Termination Agreement for the 2018 Loan and at the same time entered into a \$10.0 million Bison Convertible Note with Bison Global discussed below.

\$10.0 Million Loan converted into Convertible Note

The Bison Convertible Note has a term ending on March 4, 2020, and bears interest at 5% per annum. The principal is due on March 4, 2020, in cash or in shares of Common Stock, or a combination of cash and Common Stock, at the Company's option. The Bison Convertible Note is convertible at the Company's option, at any time prior to payment in full of the principal balance and all accrued interest of the note, to convert this note in whole or in part, into fully paid and nonassessable shares of the Company's Class A common stock. The Bison Convertible Note is Convertible into 6,666,666 shares of Company's Class A common stock, based on initial conversion price of \$1.50 per share. On April 15, 2020, the Company signed an amendment to this note, effective as of March 4, 2020, to extend the maturity date of the note to March 4, 2021.

As a result of our conversion option, we separately accounted for the value of the embedded conversion option as a debt discount (with an offset to additional paid-in-capital) of \$478 thousand. The value of the embedded conversion option was determined based on the estimated fair value of the debt without the conversion feature, which was determined using market comparables to estimate the fair value of similar non-convertible debt; the debt is being amortized to interest expense using the effective interest method over the term of the note. The discount was fully amortized as of March 31, 2020.

The Bison Convertible Note is unsecured and may be prepaid without premium or penalty, and contains customary covenants, representations and warranties. The proceeds of the Bison Convertible Note were used to repay the 2018 Loan.

The Bison Convertible Note, offset by the concurrent payoff and termination of the 2018 Loan, did not result in any increase to the Company's outstanding debt balance.

Second Secured Lien Notes

On July 14, 2016, we entered into a Second Lien Loan Agreement (the "Second Lien Loan Agreement"), under which we may borrow up to \$15.0 million (the "Second Lien Loans"), subject to certain limitations imposed on us regarding the number of shares that we may issue in connection with the loans. As of March 31, 2020, we have an outstanding balance of \$8.2 million which includes \$4.0 million borrowed from Ronald L. Chez, at that time a member of the Board of Directors. Mr. Chez resigned from the Board of Directors in April 2017, and became a strategic advisor to the Company. The Second Lien Loans bear interest at 12.75%, payable 7.5% in cash and 5.25% in cash or in kind at our option. Before the June 30, 2019 maturity date, on June 28, 2019, the Company entered into a consent agreement with lenders of the Second Lien Loans to an extension of the Second Lien Loans pursuant to which (i) the Company paid down a portion of the outstanding principal amount plus accrued interest to date, and (ii) the maturity date of the remaining outstanding principal amount of the Second Lien Loans was extended to September 30, 2019.

In addition, under the terms of the Second Lien Loan Agreement, we are required to issue 98,000 shares of our Class A common stock for every \$1.0 million borrowed, subject to pro rata adjustments. From when the second lien loan was entered into to March 31, 2020, we have issued 906,450 shares of Class A common stock. There were no shares issued during the year ended March 31, 2020. The Second Lien Loans may be prepaid without premium or penalty and contain customary covenants, representations and warranties. The obligations under the Second Lien Loans are guaranteed by certain of our existing and future subsidiaries. We have pledged substantially all of our assets, except those assets related to our digital cinema deployment business, to secure payment on the Second Lien Loans.

During the year ended March 31, 2020, the Company paid \$3.4 million of the outstanding Second Lien Loans and expects to obtain additional capital from or through Bison Capital Holding Limited or an affiliate thereof ("Bison") for final payment of the remaining outstanding balances of the Second Lien Loans. On October 24, 2019, the Company entered into a consent agreement to extend the maturity date to November 30, 2019. On January 8, 2020, the Company entered into another consent agreement to extend the maturity date to February 17, 2020. There were no consent fees paid for these consent agreements. On June 26, 2020, the Company entered into another consent agreement to extend the maturity date to September 30, 2020 and grant the Company options to extend further to March 31, 2021 and then to June 30, 2021. There was a consent fee of \$100,000 paid in connection with this extension.

Second Lien Loans

On June 24, 2020, Cinedigm Corp. (the “Company”) entered into an exchange agreement (the “Exchange Agreement”) pursuant to which the Company issued 329,501 shares of its Class A common stock, par value \$0.001 per share (the “Common Stock”) in exchange for \$842 thousand principal amount and accrued and unpaid interest of notes under the Company’s Second Lien Loan Agreement dated as of July 14, 2016 among the Company, the lenders party thereto, and Cortland Capital Market Services LLC, as Agent, with the holders of such notes. The exchanged notes were immediately canceled. The exchange was consummated on June 24, 2020. See Note 12 - *Subsequent Events*.

Credit Facility and Cinedigm Revolving Loans

On March 30, 2018, the Company entered into a Credit Facility with East West Bank for a maximum of \$19.0 million in revolving loans outstanding at any one time with a maturity date of March 31, 2020, which may be extended for two successive one-year periods at the sole discretion of the lender, subject to certain conditions.

Interest under the Credit Facility is due monthly at a rate elected by the Company of either 0.5% plus Prime Rate or 3.25% above LIBOR Rate established by the lender.

As of March 31, 2020 and 2019, there was \$14.5 million and \$18.6 million outstanding, respectively, and no availability as of March 31, 2020. On July 3, 2019, the Company entered into the EWB Amendment to the Loan, Guaranty and Security Agreement, dated as of March 30, 2018, by and between the Company, East West Bank and the Guarantors named therein. The EWB Amendment reduced the size of the facility to \$18.0 million, required certain prepayments and daily cash sweeps from collections of receivables to be made, changed in certain respects how the borrowing base is calculated, and extended the maturity date to June 30, 2020. In connection with the EWB Amendment, three of our subsidiaries became Guarantors under the EWB Credit Agreement. On June 26, 2020, the Company signed another amendment no.4 to extend the maturity date to June 30, 2021 and to waive certain events of default provisions.

Convertible Note

On October 9, 2018, the Company issued a subordinated convertible note (the “Convertible Note”) to MingTai Investment LP (the “Lender”) for \$5.0 million. All proceeds from the Convertible Note were used to pay the \$5.0 million 2013 Notes. The \$5.0 million in aggregate principal bears interest at 8% maturing on October 9, 2019 with two one year extensions at the Company’s option. The Convertible Note is convertible into 3,333,333 shares of the Company’s Class A common stock, based on initial conversion price of \$1.50 per share. On October 9, 2019, the Company signed an extension, for one additional year from the original maturity date to be due on October 9, 2020. This note will continue in full force and effect in accordance with its terms, including Company’s right to further extend the maturity date of this note, if it so elects.

The Convertible Note is convertible at the option of the Lender, or the Company, at any time prior to payment in full of the principal balance, and all accrued interest of this Convertible Note in whole, or in part, into fully paid and non-assessable shares of Company’s Class A common stock at the conversion rate of \$1.50.

Upon conversion prior to maturity by the Lender, or the Company, we may elect to settle such conversion in shares of our Class A common stock, cash or a combination thereof. Upon the maturity date, the Company has the option to pay in Class A common shares convertible at the greater of the closing price of the Class A common stock or \$1.10. As a result of our cash conversion option, we separately accounted for the value of the embedded conversion option as a debt discount (with an offset to additional paid-in capital) of \$270 thousand. The value of the embedded conversion option was determined based on the estimated fair value of the debt without the conversion feature, which was determined using market comparables to estimate the fair value similar non-convertible debt; the debt discount is being amortized to interest expense using the effective interest method over the one year term of the Convertible Note.

The aggregate principal repayments on our notes payable, including anticipated PIK interest, are scheduled to be as follows (dollars in thousands):

Fiscal years ending March 31,	
2021	\$ 48,691
2022	—
2023	—
2024	—
2025	—
Thereafter	—
	\$ 48,691

6. STOCKHOLDERS' DEFICIT

COMMON STOCK

During the year ended March 31, 2020, we issued 26,258,996 shares of Class A common stock in connection with the payment of preferred stock dividends, as compensation to the board of directors, sale of 3,900,000 shares of our Class A common stock, and exchange of our 21,646,604 shares for Starrise shares. See Note - 8 *Supplemental Cash Flow Disclosure*.

On February 14, 2020, the Company filed a Certificate of Amendment to the Fifth Amended and Restated Certificate of Incorporation, pursuant to which the number of shares of Class A common stock authorized for issuance was increased from 60,000,000 to 150,000,000.

PREFERRED STOCK

Cumulative dividends in arrears on the preferred stock were \$0.1 million as of March 31, 2020 and 2019, respectively. In April 2020, we paid preferred stock dividends in arrears in the form of 267,079 shares of our Class A common stock.

TREASURY STOCK

We have treasury stock, at a cost, consisting of 1,313,836 shares of Class A common stock at March 31, 2020 and 2019.

CINEDIGM'S EQUITY INCENTIVE PLAN

Stock Based Compensation Awards

Awards issued under our 2000 Equity Incentive Plan (the "2000 Plan") may be in any of the following forms (or a combination thereof) (i) stock option awards; (ii) stock appreciation rights; (iii) stock or restricted stock or restricted stock units; or (iv) performance awards. The 2000 Plan provides for the granting of incentive stock options ("ISOs") with exercise prices not less than the fair market value of our Class A Common Stock on the date of grant. ISOs granted to shareholders having more than 10% of the total combined voting power of the Company must have exercise prices of at least 110% of the fair market value of our Class A Common Stock on the date of grant. ISOs and non-statutory stock options granted under the 2000 Plan are subject to vesting provisions, and exercise is subject to the continuous service of the participant. The exercise prices and vesting periods (if any) for non-statutory options are set at the discretion of our compensation committee. On November 1, 2017, upon the consummation of the transactions pursuant to the Stock Purchase Agreement, as a result of which there was a change of control of the Company, all stock options (incentive and non-statutory) and shares of restricted stock were vested immediately and the options became fully exercisable.

In connection with the grants of stock options and shares of restricted stock under the 2000 Plan, we and the participants have executed stock option agreements and notices of restricted stock awards setting forth the terms of the grants. The 2000 Plan provided for the issuance of up to 2,380,000 shares of Class A Common Stock to employees, outside directors and consultants.

As of March 31, 2020 there were 272,766 stock options outstanding in the Plan with weighted average exercise price of \$15.00 and a weighted average contract life of 3.11 years. As of March 31, 2019, there were 300,315 stock options outstanding in the Plan with weighted average exercise price of \$14.87 and a weighted average contract life of 3.79 years.

In August 2017, the Company adopted the 2017 Plan. The 2017 Plan replaced the 2000 Plan, and applies to employees and directors of, and consultants to, the Company. The 2017 Plan provided for the issuance of up to 2,108,270 shares of Class A common stock, in the form of various awards, including stock options, stock appreciation rights, stock, restricted stock, restricted stock units, performance awards and cash awards. The Compensation Committee of the Company's Board of Directors (the "Board") is authorized to administer the 2017 Plan and make grants thereunder. The approval of the 2017 Plan does not affect awards already granted under the 2000 Plan. On December 4, 2019, upon shareholder approval, the 2017 Plan was amended to increase the maximum number of shares of Class A common stock authorized for issuance thereunder from 2,108,270 to 4,098,270.

An analysis of all options outstanding under the 2000 Plan as of March 31, 2020 is as follows:

Range of Prices	Options Outstanding	Weighted Average Remaining Life in Years	Weighted Average Exercise Price	Aggregate Intrinsic Value (In thousands)
\$1.16 - \$7.40	5,000	5.25	\$ 7.40	\$ —
\$13.70 - 24.40	260,266	3.12	14.71	—
\$30.00 - \$50.00	7,500	1.38	30.00	—
	<u>272,766</u>			<u>\$ —</u>

An analysis of all options exercisable under the 2000 Plan as of March 31, 2020 is presented below:

Options Exercisable	Weighted Average Remaining Life in Years	Weighted Average Exercise Price	Aggregate Intrinsic Value (In thousands)
272,766	3.11	\$ 15.00	\$ —

OPTIONS GRANTED OUTSIDE CINEDIGM'S EQUITY INCENTIVE PLAN

In October 2013, we issued options outside of the 2000 Plan to 10 individuals that became employees as a result of a business combination. The employees received options to purchase an aggregate of 62,000 shares of our Class A common stock at an exercise price of \$17.50 per share. The options are fully vested as of October 2017 and expire 10 years from the date of grant, if unexercised. As of March 31, 2020, 12,500 of such options remained outstanding.

In December 2010, we issued options to purchase 450,000 shares of Class A common stock outside of the 2000 Plan as part of our Chief Executive Officer's initial employment agreement with the Company. Such options have exercise prices per share between \$15.00 and \$50.00, all of which were vested as of December 2013 and will expire in December 2020. As of March 31, 2020, all such options remained outstanding.

WARRANTS

The following table presents information on outstanding warrants to purchase shares of our Class A common stock as of March 31, 2020. All of the outstanding warrants are fully vested and exercisable.

Recipient	Amount outstanding	Expiration	Exercise price per share
Strategic management service provider	52,500	July 2021	\$17.20 - \$30.00
Warrants issued to Ronald L. Chez in connection with the Second Secured Lien Notes	217,893	July 2023	\$1.31 - \$1.45
Warrants issued in connection with Convertible Notes exchange transaction	223,449	December 2021	\$1.37
5-year Warrant issued to BEMG in connection with a term loan agreement	1,400,000	December 2022	\$1.80

The warrants issued to Ronald L. Chez, at the time a member of our Board of Directors, contain a cashless exercise provision and customary anti-dilution rights.

7. COMMITMENTS AND CONTINGENCIES

We operate from leased properties under non-cancelable operating lease agreements, certain of which contain escalating lease clauses.

The Company adopted ASU No. 2016-02, "Leases (Topic 842)," on April 1, 2019, which requires leases with durations greater than twelve months to be recognized on the consolidated balance sheet using the modified retrospective approach. The Company did not apply the new standard to comparative periods and therefore, those amounts are not presented below. The adoption of Topic 842 resulted in \$2.4 million of right-of-use assets and \$2.5 million of lease liabilities to be recorded as of April 1, 2019.

The Company elected the package of three practical expedients. As such, the Company did not reassess whether expired or existing contracts are or contain a lease and did not need to reassess the lease classifications or reassess the initial direct costs associated with expired or existing leases. The Company did not elect the hindsight practical expedient. The land easement practical expedient was not applicable to the Company. Also, the Company has elected to take the practical expedient to not separate lease and non-lease components for all asset classes. The Company made an accounting policy election to continue not to recognize leases with durations of twelve months or less on the consolidated balance sheet.

The Company leases office space under operating leases. The Company's portfolio of leases is primarily related to real estate and since most of our leases do not provide a readily determinable implicit rate, the Company estimated its incremental borrowing rate to discount the lease payments based on information available at either the implementation date of Topic 842 or at lease commencement for leases entered into thereafter.

The table below presents the lease-related assets and liabilities recorded on the balance sheet as of March 31, 2020.

(In thousands)	Classification on the Balance Sheet	March 31, 2020
Assets		
Noncurrent	Operating lease right-of-use asset	\$ 1,210
Liabilities		
Current	Operating leases - current portion	\$ 593
Noncurrent	Operating leases - long -term portion	684
Total operating lease liabilities		\$ 1,277

Weighted-average discount rate (1) 5.1%

(1) Upon adoption of the new lease standard, discount rates used for existing leases were established at April 1, 2019.

Lease Costs

The table below presents certain information related to lease costs for leases:

(In thousands)	For the Fiscal Year Ended March 31, 2020
Operating lease cost	\$ 1,046
Total lease cost	\$ 1,046

Other Information

The table below presents supplemental cash flow information related to leases:

(In thousands)	For the Fiscal Year Ended March 31, 2020
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows used for operating leases	\$ 1,038

The Company terminated its New York office lease on March 15, 2020 and has removed the corresponding right-of-use asset of \$514 thousand and the lease liability of \$528 thousand for the year ended March 31, 2020. The Company also terminated its office leases in Los Angeles in April 2020 and a lease for office equipment in June 2020. The estimated future lease liabilities are not expected to be material for the remaining outstanding office and equipment leases.

LEGAL PROCEEDINGS

We are subject to certain legal proceedings in the ordinary course of business. We do not expect any such items to have a significant impact on our financial position and results of operations and liquidity.

8. SUPPLEMENTAL CASH FLOW INFORMATION

(In thousands)	For the Fiscal Year Ended March 31,	
	2020	2019
Cash interest paid	\$ 4,905	\$ 8,628
Income taxes paid	439	273
Accrued dividends on preferred stock	89	89
Right-of-use assets and operating lease liability recorded upon adoption of ASU 842, net	90	—
Issuance of Class A common stock for payment of preferred stock dividends	356	356
Issuance of Class A common stock for asset acquisition	—	106
Issuance of Class A common stock to Starrise, a related party	11,257	—
Contributed capital under the Starrise transaction, a related party	13,795	—
Amounts accrued in connection with addition of property and equipment	403	—

9. SEGMENT INFORMATION

We operate in two reportable segments: Cinema Equipment Business and Content & Entertainment Business, or CEG. Our segments were determined based on the economic characteristics of our products and services, our internal organizational structure, the manner in which our operations are managed and the criteria used by our CODM to evaluate performance, which generally the segment's operating income (loss) before depreciation and amortization.

Operations of:	Products and services provided:
Cinema Equipment Business	<p>Financing vehicles and administrators for 3,344 Systems installed nationwide in our first deployment phase (“Phase I Deployment”) to theatrical exhibitors and for 3,761 Systems installed domestically and internationally in our second deployment phase (“Phase II Deployment”).</p> <p>We retain ownership of the Systems and the residual cash flows related to the Systems in Phase I Deployment after the repayment of all non-recourse debt at the expiration of exhibitor master license agreements. For certain Phase II Deployment Systems, we do not retain ownership of the residual cash flows and digital cinema equipment in Phase II Deployment after the completion of cost recoupment and at the expiration of the exhibitor master license agreements.</p> <p>The Cinema Equipment Business also provides monitoring, collection, verification and management services to this segment, as well as to exhibitors who purchase their own equipment, and also collects and disburses VPFs from motion picture studios, distributors and ACFs from alternative content providers, movie exhibitors and theatrical exhibitors (collectively, “Services”).</p>
Content & Entertainment Business	<p>Leading distributor of independent content, and collaborates with producers and other content owners to market, source, curate and distribute independent content to targeted and profitable audiences in theatres and homes, and via mobile and emerging platforms.</p>

Two (2) customers represented more than 10% of our consolidated revenues for fiscal year ended March 31, 2020.

The following tables present certain financial information related to our reportable segments:

As of March 31, 2020						
(In thousands)	Intangible Assets, net	Goodwill	Total Assets	Notes Payable, Non-Recourse	Notes Payable	Operating Lease Liabilities
Cinema Equipment Business	\$ 23	\$ —	\$ 34,465	\$ 11,442	\$ —	\$ 594
Content & Entertainment	6,895	8,701	49,923	—	—	73
Corporate	6	—	26,052	—	37,249	610
Total	\$ 6,924	\$ 8,701	\$ 110,440	\$ 11,442	\$ 37,249	\$ 1,277

As of March 31, 2019						
(In thousands)	Intangible Assets, net	Goodwill	Total Assets	Notes Payable, Non-Recourse	Notes Payable	Operating Lease Liabilities
Cinema Equipment Business	\$ 69	\$ —	\$ 42,958	\$ 19,132	\$ —	\$ —
Content & Entertainment	9,607	8,701	51,531	—	—	—
Corporate	10	—	4,350	—	43,319	—
Total	\$ 9,686	\$ 8,701	\$ 98,839	\$ 19,132	\$ 43,319	\$ —

Statements of Operations
For the Fiscal Year Ended March 31, 2020

	Cinema Equipment Business	Content & Entertainment	Corporate	Consolidated
Revenues	\$ 12,741	\$ 26,550	\$ —	\$ 39,291
Direct operating (exclusive of depreciation and amortization shown below)	1,236	15,910	—	17,146
Selling, general and administrative	2,085	10,017	4,242	16,344
Allocation of corporate overhead	807	4,704	(5,511)	—
Provision for doubtful accounts	759	(1)	—	758
Depreciation and amortization of property and equipment	6,087	366	167	6,620
Amortization of intangible assets	46	2,722	4	2,772
Total operating expenses	11,020	33,718	(1,098)	43,640
Income (loss) from operations	\$ 1,721	\$ (7,168)	\$ 1,098	\$ (4,349)

The following employee and director stock-based compensation expense related to our stock-based awards is included in the above amounts as follows:

	Cinema Equipment Business	Content & Entertainment	Corporate	Consolidated
Direct operating	\$ —	\$ —	\$ —	\$ —
Selling, general and administrative	(6)	55	494	543
Total stock-based compensation	\$ (6)	\$ 55	\$ 494	\$ 543

Statements of Operations
For the Fiscal Year Ended March 31, 2019

	Cinema Equipment Business	Content & Entertainment	Corporate	Consolidated
Revenues	\$ 26,199	\$ 27,335	\$ —	\$ 53,534
Direct operating (exclusive of depreciation and amortization shown below)	1,401	14,719	—	16,120
Selling, general and administrative	1,960	15,322	10,379	27,661
Allocation of corporate overhead	1,549	4,038	(5,587)	—
(Benefit) provision for doubtful accounts	1,760	(140)	—	1,620
Depreciation and amortization of property and equipment	7,599	343	182	8,124
Amortization of intangible assets	46	5,576	5	5,627
Total operating expenses	14,315	39,858	4,979	59,152
Income (loss) from operations	\$ 11,884	\$ (12,523)	\$ (4,979)	\$ (5,618)

The following employee and director stock-based compensation expense related to our stock-based awards is included in the above amounts as follows:

	Cinema Equipment Business	Content & Entertainment	Corporate	Consolidated
Direct operating	\$ —	\$ —	\$ —	\$ —
Selling, general and administrative	27	328	1,221	1,576
Total stock-based compensation	\$ 27	\$ 328	\$ 1,221	\$ 1,576

The following table presents the results of our operating segments for the three months ended March 31, 2020:

Statements of Operations
For the Three Months Ended March 31, 2020
(Unaudited)

	Cinema Equipment Business	Content & Entertainment	Corporate	Consolidated
Revenues	\$ 1,974	\$ 5,761	\$ —	\$ 7,735
Direct operating (exclusive of depreciation and amortization shown below)	328	3,393	—	3,721
Selling, general and administrative	449	1,908	151	2,508
Allocation of corporate overhead	202	919	(1,121)	—
Provision for doubtful accounts	437	—	—	437
Depreciation and amortization of property and equipment	1,475	127	41	1,643
Amortization of intangible assets	12	582	—	594
Total operating expenses	2,903	6,929	(929)	8,903
Income (loss) from operations	\$ (929)	\$ (1,168)	\$ 929	\$ (1,168)

The following employee and director stock-based compensation expense related to our stock-based awards is included in the above amounts as follows:

	Cinema Equipment Business	Content & Entertainment	Corporate	Consolidated
Direct operating	\$ —	\$ —	\$ —	\$ —
Selling, general and administrative	—	26	151	177
Total stock-based compensation	\$ —	\$ 26	\$ 151	\$ 177

11. INCOME TAXES

The following table presents the components of income tax expense:

(In thousands)	For the Fiscal Year Ended March 31,	
	2020	2019
Federal:		
Current	\$ —	\$ —
Deferred	—	—
Total federal	—	—
State:		
Current	313	295
Deferred	—	—
Total State	313	295
Income tax expense	\$ 313	\$ 295

Net deferred taxes consisted of the following:

(In thousands)	As of March 31,	
	2020	2019
Deferred tax assets:		
Net operating loss carryforwards	\$ 7,549	\$ 6,877
Stock-based compensation	2,666	2,468
Intangibles	6,162	6,293
Accrued liabilities	1,162	1,345
Allowance for doubtful accounts	1,540	1,279
Capital loss carryforwards	—	2,247
Interest expense	2,821	1,368
Other	359	430
Total deferred tax assets before valuation allowance	22,259	22,307
Less: Valuation allowance	(17,614)	(19,084)
Total deferred tax assets after valuation allowance	\$ 4,645	\$ 3,223
Deferred tax liabilities:		
Depreciation and amortization	\$ (1,398)	\$ (3,223)
Equity investment in Starrise, a related party	(3,247)	—
Total deferred tax liabilities	(4,645)	(3,223)
Net deferred tax	\$ —	\$ —

We have provided a valuation allowance equal to our net deferred tax assets for the years ended March 31, 2020 and 2019. We are required to recognize all or a portion of our deferred tax assets if we believe that it is more likely than not that such assets will be realized, given the weight of all available evidence. We assess the realizability of the deferred tax assets at each interim and annual balance sheet date. In assessing the need for a valuation allowance, we considered both positive and negative evidence, including recent financial performance, projections of future taxable income and scheduled reversals of deferred tax liabilities. The net change in the valuation allowance of \$1.5 million during the fiscal year ended March 31, 2020, is a result of recording of a deferred tax liability of \$3.7 million in connection with our equity investment in Starrise, a related party, offset by an increase in deferred tax assets. We increased the valuation allowance by \$3.2 million during the fiscal year ended March 31, 2019 due to increases in the deferred tax assets. We will continue to assess the realizability of the deferred tax assets at each interim and annual balance sheet date based upon actual and forecasted operating results.

At March 31, 2020, we had Federal and state net operating loss carryforwards of approximately \$27.0 million available in the United States of America ("US") and approximately \$0.7 million in Australia to reduce future taxable income. The U.S. federal and state net operating loss carryforwards of approximately \$27.0 million begin to expire in 2021. The Australian net operating loss carryforward of \$0.7 million, does not expire.

At March 31, 2020, capital loss carryforwards of approximately \$7.0 million, that were generated during the year ended March 31, 2015 expired.

Under the provisions of the Internal Revenue Code, certain substantial changes in our ownership may result in a limitation on the amount of net operating losses that may be utilized in future years. During the year ended March 31, 2018, approximately \$233.5 million of our net operating losses became subject to limitation under Internal Revenue Code Section 382 in connection with the consummation in November 2017 of the transactions under the Stock Purchase Agreement with Bison. Approximately \$209.0 million of our net operating losses will not be able to be utilized because of the ownership change. Future significant ownership changes could cause a portion or all of our remaining net operating losses to expire before utilization.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The Act contains several new or changed income tax provisions, including but not limited to the following: increased limitation threshold for determining deductible interest expense; class life changes to qualified improvements (in general, from 39 years to 15 years); and the ability to carry back net operating losses incurred from tax years 2018 through 2020 up to the five preceding tax years. The Company has evaluated the new tax provisions of the CARES Act and determined the impact to be either immaterial or not applicable.

The differences between the United States statutory federal tax rate and our effective tax rate are as follows:

	For the fiscal years ended March 31,	
	2020	2019
Provision at the U.S. statutory federal tax rate	21.0 %	21.0 %
State income taxes, net of federal benefit	(0.1)%	2.1 %
Change in valuation allowance	(9.9)%	(20.1)%
Non-deductible expenses	(3.4)%	(5.7)%
Net operating loss decrease under IRC 382	(10.2)	— %
Effect of tax reform	—	— %
Losses from non-consolidated entities	0.4 %	0.8 %
Other	—	— %
Income tax expense	<u>(2.2)%</u>	<u>(1.9)%</u>

We file income tax returns in the U.S. federal jurisdiction, various U.S. states, and Australia. For federal income tax purposes, our fiscal 2017 through 2020 tax years remain open for examination by the tax authorities under the normal three-year statute of limitations. For U.S. state and Australian tax purposes, our fiscal 2016 through 2020 tax years generally remain open for examination by most of the tax authorities under a four-year statute of limitations.

12. SUBSEQUENT EVENTS

Stock Purchase Agreement

On April 10, 2020, the Company entered into a stock purchase agreement (the "April Stock Purchase Agreement") with five (5) shareholders of Starrise-Bison Global Investment SPC - Bison Global No. 1 SP, Huatai Investment LP, Antai Investment LP, Mingtai Investment LP and Shangtai Asset Management LP, to buy an aggregate of 223,380,000 outstanding Starrise ordinary shares from them and for the Company to issue to them an aggregate of 29,855,081 shares of its Class A common stock in consideration therefor (the "April Share Acquisition"). The April Stock Purchase Agreement contains certain conditions to closing, including that the Company obtain approval of its stockholders, applicable lenders, and regulatory authorities, as applicable, and representations and warranties and covenants as are customary for transactions of this type. On April 15, 2020, the April Share Acquisition was consummated and was recorded as an equity investment in Starrise, a related party.

On April 10, 2020, the Company, in accordance with the terms of the Stock Purchase Agreement, entered into in December 2019, terminated its obligation to purchase Starrise ordinary shares from Aim Right.

Bison Convertible Note

On April 15, 2020, the Company executed a letter amendment (the "Letter Amendment") to the Bison Convertible Note. Among other things, the Letter Amendment amended the Bison Convertible Note, effective as of March 4, 2020, to extend the maturity date of the note to March 4, 2021.

Paycheck Protection Program

On April 15, 2020, the Company received \$2.2 million from East West Bank, the Company's existing lender, pursuant to the Paycheck Protection Program (the "PPP Loan") of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP Loan matures on April 10, 2022 (the "Maturity Date"), accrues interest at 1% per annum and may be prepaid in whole or in part without penalty. No interest payments are due within the initial six months of the PPP Loan. The interest accrued during the initial six-month period is due and payable, together with the principal, on the Maturity Date. The Company intends to use all proceeds from the PPP Loan to retain employees, maintain payroll and make lease and utility payments to support business continuity throughout the COVID-19 pandemic, which amounts are intended to be eligible for forgiveness, subject to the provisions of the CARES Act and could be subject to repayment.

Registered Direct Offering

On May 20, 2020, the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") with certain investors (the "Investors") for the purchase and sale of 10,666,666 shares (the "Shares") of the Company's Class A common stock, par value \$0.001 per share, at a purchase price of \$0.75 per share,

in a registered direct offering, pursuant to an effective shelf registration statement on Form S-3 which was declared effective by the Securities and Exchange Commission on May 14, 2020 and an applicable prospectus supplement.

The aggregate gross proceeds for the sale of the Shares was \$8.0 million. The net proceeds to the Company from the sale of the Shares, after deducting the fees of the placement agents but before paying the Company's estimated offering expenses, were approximately \$7.4 million. The Company intends to use the net proceeds from the transaction for working capital and for other general corporate purposes, which may include, among other things, product development, acquisitions, capital expenditures, and other business opportunities.

Second Lien Loans

On June 24, 2020, the Company entered into an exchange agreement (the "Exchange Agreement") pursuant to which the Company issued 329,501 shares of its Class A common stock in exchange for \$842 thousand principal amount and accrued and unpaid interest of notes under the Company's Second Lien Loan Agreement dated as of July 14, 2016 among the Company, the lenders party thereto, and Cortland Capital Market Services LLC, as Agent, with the holders of such notes. The exchanged notes were immediately canceled. The exchange was consummated on June 24, 2020.

On June 26, 2020, the Company signed a consent agreement with the holders of the Second Lien loans to extend the maturity date to September 30, 2020 and grant the Company options to extend further to March 31, 2021 and then to June 30, 2021. A consent fee of \$100,000 was paid in connection with this extension.

Credit Facility

On June 25, 2020, the Company signed an amendment No. 4 with East West Bank to extend the maturity of the Credit Facility to June 30, 2021 and waive events of default provisions.

PART II. OTHER INFORMATION

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Definition and Limitations of Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) are designed to reasonably ensure that information required to be disclosed in our reports filed under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures.

Evaluation of Disclosure Controls and Procedures

The management of the Company, under the supervision and with the participation of our Chief Executive Officer and Chief Operating Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of March 31, 2020. Based on such evaluation, our principal executive officer and principal financial and accounting officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, management has concluded that our internal control over financial reporting was effective as of March 31, 2020.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, management has concluded that our internal control over financial reporting was effective as of March 31, 2020.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the fiscal quarter ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

Christopher J. McGurk, 63, has been the Company's Chief Executive Officer and Chairman of the Board since January 2011. Mr. McGurk was the founder and Chief Executive Officer of Overture Films from 2006 until 2010 and also the Chief Executive Officer of Anchor Bay Entertainment, which distributed Overture Films' products to the home entertainment industry. From 1999 to 2005, Mr. McGurk was Vice Chairman of the Board and Chief Operating Officer of Metro-Goldwyn-Mayer Inc. ("MGM"), acting as the company's lead operating executive until MGM was sold for approximately \$5 billion to a consortium of investors. Mr. McGurk joined MGM from Universal Pictures, where he served in various executive capacities, including President and Chief Operating Officer, from 1996 to 1999. From 1988 to 1996, Mr. McGurk served in several senior executive roles at The Walt Disney Studios, including Studios Chief Financial Officer and President of The Walt Disney Motion Picture Group. Mr. McGurk has previously served on the boards of BRE Properties, Inc., DivX Inc., DIC Entertainment, Pricegrabber.com, LLC and MGM Studios, Inc. Mr. McGurk's extensive career in various sectors of the theatrical production and exhibition industry will provide the Company with the benefits of his knowledge of and experience in this field, as well as his wide-spread contacts within the industry.

Fan "Tom" Bu, 40, has been a member of the Board since March 2020. He has served as an Audit/Financial Director for Bison Finance Group Ltd. (HK:00888) since June 2017. From October 2017 through June 2019, he was the Chief Financial Officer of Xynomic Pharmaceuticals Holdings, Inc., f/k/a Bison Capital Acquisition Corp. (OTC:XYN). From December 2013 to May 2017, Mr. Bu served as an audit manager at KPMG Huazhen LLC. From October 2010 to December 2013, Mr. Bu served as the audit manager at KPMG Advisory (China) Limited. Mr. Bu graduated from Shandong Economic University with a Bachelor's Degree in International Trade in June 2007 and graduated from Ocean University of China with a Master's Degree in Economics in June 2010. Mr. Bu is a certified public accountant in China (CICPA). Mr. Bu is a designee of Bison in accordance with the Stock Purchase Agreement (the "Bison Agreement") dated as of June 29, 2017, by and between the Company and Bison Entertainment Investment Limited, a wholly owned subsidiary of Bison. Mr. Bu brings knowledge of doing business in China, as well as financial and accounting experience, to the Board.

Peter C. Brown, 61, has been a member of the Board since September 2010. He is Chairman of Grassmere Partners, LLC, a private investment firm, which he founded in 2009. Prior to founding Grassmere Partners, Mr. Brown served as Chairman of the Board, Chief Executive Officer and President of AMC Entertainment Inc. ("AMC"), one of the world's leading theatrical exhibition companies, from July 1999 until his retirement in February 2009. He joined AMC in 1990 and served as AMC's President from January 1997 to July 1999 and Senior Vice President and Chief Financial Officer from 1991 to 1997. Mr. Brown currently serves on the board of EPR Properties (NYSE: EPR), a specialty real estate investment trust (REIT). Mr. Brown also serves as a director of CenturyLink (NYSE: CTL), a global leader in communications, hosting, cloud and IT services. Past additional public company boards include: National CineMedia, Inc., Midway Games, Inc., LabOne, Inc., and Protection One, Inc. Mr. Brown's extensive experience in the theatrical exhibition and entertainment industry and other public company boards provides the Board with valuable knowledge and insight relevant to the Company's business.

Patrick W. O'Brien, 73, has been a member of the Board since July 2015. He currently serves as the Managing Director & Principal of Granville Wolcott Advisors, a company he formed in 2009 which provides business consulting, due diligence and asset management services for public and private clients. From 2005 to 2009, Mr. O'Brien was a Vice President - Asset Management for Bental-Kennedy Associates Real Estate Counsel where he represented pension fund ownership interests in hotel real estate investments nationwide. Mr. O'Brien also serves on the board of directors of LVI Liquidation Corp., Creative Realities, Inc., and Fit Boom Bah. During the past five years, Mr. O'Brien served on the boards of ICPW Liquidation Trust and Merriman Holdings, Inc. Mr. O'Brien joined the Board as a designee of Ronald L. Chez pursuant to the Settlement Agreement dated as of July 30, 2015 among the Company and certain stockholders party thereto. Mr. O'Brien brings to the Board his seasoned executive and business expertise in private and public companies with an emphasis on financial analysis and business development.

Zvi M. Rhine, 40, has been a member of the Board since July 2015. He is the principal and managing member of Sabra Capital Partners which he founded in 2012, a multi-strategy hedge fund that focuses on event-driven, value and special situations investments primarily in North America. He was previously Vice President at The Hilco Organization from 2009 to 2012 and has also served in various roles at Boone Capital, Banc of America Securities and Piper Jaffray. Mr. Rhine also serves as the CFO and a director of Global Healthcare Real Estate Investment Trust. Mr. Rhine brings to the Board extensive experience in the securities industry.

Peixin Xu, 48, has been a member of the Board since November 2017. Mr. Xu founded Bison, an investment company with a focus on the media and entertainment, healthcare and financial service industries, in 2014 and has been serving as a partner and director since then. From 2013 to the present, Mr. Xu has been serving on the board of directors of Airmedia Group Inc. (Nasdaq: AMCN). Mr. Xu is a designee of Bison in connection with the Bison Agreement. Mr. Xu brings to the Board investment experience, including in the media industry, in the United States and in China.

Executive Officers

The Company's executive officers are Christopher J. McGurk, Chief Executive Officer and Chairman of the Board, Gary S. Loffredo, Chief Operating Officer, President of Digital Cinema, General Counsel, and Secretary, and Erick Opeka, Executive Vice President and President of Cinedigm Digital Networks. Biographical information for Mr. McGurk is included above.

Gary S. Loffredo, 55, has been the Company's Chief Operating Officer since February 2019, and President of Digital Cinema, General Counsel and Secretary since October 2011. He had previously served as Senior Vice President - Business Affairs, General Counsel and Secretary since 2000, as Interim Co-Chief Executive Officer from June 2010 through December 2010, and was a member of the Board from September 2000 - October 2015. From March 1999 to August 2000, he had been Vice President, General Counsel and Secretary of Cablevision Cinemas d/b/a Clearview Cinemas. At Cablevision Cinemas, Mr. Loffredo was responsible for all aspects of the legal function, including negotiating and drafting commercial agreements, with emphases on real estate, construction and lease contracts. He was also significantly involved in the business evaluation of Cablevision Cinemas' transactional work, including site selection and analysis, negotiation and new theater construction oversight. Mr. Loffredo was an attorney at the law firm of Kelley Drye & Warren LLP from September 1992 to February 1999. Having been with the Company since its inception and with Clearview Cinemas prior thereto, Mr. Loffredo has over a decade of experience in the cinema exhibition industry, both on the movie theatre and studio sides, as well as legal training and general business experience, which skills and understanding are beneficial to the Company. Effective February 14, 2019, the Company appointed Mr. Loffredo as Chief Operating Officer of the Company. Mr. Loffredo retained his roles as General Counsel and President of Digital Cinema, which he has held since 2000 and 2011, respectively. The Company's finance team now reports directly to Mr. Loffredo.

Erick Opeka, 46, joined the Company during 2014 and as EVP of Digital Networks oversaw the distribution of Cinedigm's OTT networks online, as well as on mobile devices, gaming consoles, and connected TVs. Mr. Opeka was integral in the development and launch of the Company's flagship digital first networks, further expanding the Company's growth through landmark partnerships with leading platforms such as Sling TV, XUMO, and Twitch, among others. Prior to joining Cinedigm, Mr. Opeka served as Senior Vice President and head of New Video Digital, which he grew into the largest global aggregator of independent digital content for more than 850 content partners including A&E Networks, The Jim Henson Company, Berman Braun, and others. He was named President of Digital Networks on October 15, 2018.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and persons who beneficially own more than 10% of its Class A common stock to file reports of ownership and changes in ownership with the Commission and to furnish the Company with copies of all such reports they file. Based on the Company's review of the copies of such forms received by it, or written representations from certain reporting persons, the Company believes that none of its directors, executive officers or persons who beneficially own more than 10% of the Company's Class A common stock failed to comply with Section 16(a) reporting requirements in the Company's Last Fiscal Year, except for Mr. Xu, who had two late Form 4 filings reporting a total of three transactions, Mr. Brown and Mr. O'Brien, each of whom had one late Form 4 filing reporting one transaction, and Mr. Rhine, who had two late Form 4 filings reporting one transaction each.

Code of Business Conduct and Ethics

We have adopted a code of ethics applicable to all members of the Board, executive officers and employees. Such code of ethics is available on our Internet website, www.cinedigm.com. We intend to disclose any amendment to, or waiver of, a provision of our code of ethics by filing a Form 8-K with the SEC.

Shareholder Communications

The Board currently does not provide a formal process for stockholders to send communications to the Board. In the opinion of the Board, it is appropriate for the Company not to have such a process in place because the Board believes there is currently not a need for a formal policy due to, among other things, the limited number of stockholders of the Company. While the Board will, from time to time, review the need for a formal policy, at the present time, stockholders who wish to contact the Board may do so by submitting any communications to the Company's Secretary, Mr. Loffredo, 237 West 35th Street, Suite 605, New York, NY 10001, with an instruction to forward the communication to a particular director or the Board as a whole. Mr. Loffredo will receive the correspondence and forward it to any individual director or directors to whom the communication is directed.

MATTERS RELATING TO OUR GOVERNANCE

Board of Directors

The Board oversees the Company's risk management including understanding the risks the Company faces and what steps management is taking to manage those risks, as well as understanding what level of risk is appropriate for the Company. The Board's role in the Company's risk oversight process includes receiving regular updates from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, human resources, employment, and strategic risks.

The Company's leadership structure currently consists of the combined role of Chairman of the Board and Chief Executive Officer and a separate Lead Independent Director. Mr. O'Brien serves as our Lead Independent Director. The Lead Independent Director's responsibilities include presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors, serving as a liaison between the Chairman and the independent directors, reviewing information sent to the Board, consulting with the Nominating Committee with regard to the membership and performance evaluations of the Board and Board committee members, calling meetings of and setting agendas for the independent directors, and serving as liaison for communications with stockholders.

The Board intends to meet at least quarterly and the independent directors serving on the Board intend to meet in executive session (i.e., without the presence of any non-independent directors and management) immediately following regularly scheduled Board meetings. During the fiscal year ended March 31, 2020 (the "Last Fiscal Year"), the Board held twenty-three (23) meetings, and the Board acted two (2) times by unanimous written consent in lieu of holding a meeting. Each current member of the Board, who was then serving, attended at least 75% of the total number of meetings of the Board, except for Mr. Xu, and of the committees of the Board on which they served in the Last Fiscal Year. No individual may be nominated for election to the Board after his or her 73rd birthday. Messrs. Brown, O'Brien and Rhine are considered "independent" under the rules of the SEC and Nasdaq.

The Company does not currently have a policy in place regarding attendance by Board members at the Company's annual meetings.

The Board has three standing committees, consisting of an Audit Committee, a Compensation Committee and a Nominating Committee.

Audit Committee

The Audit Committee consists of Messrs. Brown, O'Brien and Rhine. Mr. Rhine is the Chairman of the Audit Committee. The Audit Committee held four (4) meetings in the Last Fiscal Year. The Audit Committee has met with the Company's management and the Company's independent registered public accounting firm to review and help ensure the adequacy of its internal controls and to review the results and scope of the auditors' engagement and other financial reporting and control matters. Mr. Rhine is financially literate, and Mr. Rhine is financially sophisticated, as those terms are defined under the rules of Nasdaq. Mr. Rhine is also a financial expert, as such term is defined under the Sarbanes-Oxley Act of 2002. Messrs. Brown, O'Brien and Rhine are considered "independent" under the rules of the SEC and Nasdaq.

The Audit Committee has adopted a formal written charter (the "Audit Charter"). The Audit Committee is responsible for ensuring that the Company has adequate internal controls and is required to meet with the Company's auditors to review these internal controls and to discuss other financial reporting matters. The Audit Committee is also responsible for the appointment, compensation and oversight of the auditors. Additionally, the Audit Committee is responsible for the review and oversight of all related party transactions and other potential conflict of interest situations between the Company and its officers, directors,

employees and principal stockholders. The Audit Charter is available on the Company's Internet website at www.cinedigm.com.

Compensation Committee

The Compensation Committee consists of Messrs. Brown, O'Brien and Rhine. Mr. O'Brien is the Chairman of the Compensation Committee. The Compensation Committee met two (2) times during the Last Fiscal Year. The Compensation Committee approves the compensation package of the Company's Chief Executive Officer and, based on recommendations by the Company's Chief Executive Officer, approves the levels of compensation and benefits payable to the Company's other executive officers, reviews general policy matters relating to employee compensation and benefits and recommends to the entire Board, for its approval, stock option and other equity-based award grants to its executive officers, employees and consultants and discretionary bonuses to its executive officers and employees. The Compensation Committee has the authority to appoint and delegate to a sub-committee the authority to make grants and administer bonus and compensation plans and programs. Messrs. Brown, O'Brien and Rhine are considered "independent" under the rules of the SEC and the Nasdaq.

The Compensation Committee has adopted a formal written charter (the "Compensation Charter"). The Compensation Charter sets forth the duties, authorities and responsibilities of the Compensation Committee. The Compensation Charter is available on the Company's Internet website at www.cinedigm.com.

The Compensation Committee, when determining executive compensation (including under the executive compensation program, as discussed below under the heading Compensation Discussion and Analysis), evaluates the potential risks associated with the compensation policies and practices. The Compensation Committee believes that the Company's compensation programs are designed with an appropriate balance of risk and reward in relation to the Company's overall compensation philosophy and do not encourage excessive or unnecessary risk-taking behavior. In general, the Company compensates its executives in a combination of cash and stock options, although the Company has also granted restricted stock and restricted stock units. The stock options contain vesting provisions, typically of proportional annual vesting over a three- or four-year period which encourages the executives, on a long-term basis, to strive to enhance the value of such compensation as measured by the trading price of the Class A common stock. The Compensation Committee does not believe that this type of compensation encourages excessive or unnecessary risk-taking behavior. As a result, we do not believe that risks relating to our compensation policies and practices for our employees are reasonably likely to have a material adverse effect on the Company. The Company intends to recapture compensation if and as required under the Sarbanes-Oxley Act. However, there have been no instances where it needed to recapture any compensation.

During the Last Fiscal Year, the Compensation Committee engaged Aon, a compensation consulting firm. The consultant met with the Compensation Committee multiple times during the Last Fiscal Year and provided guidance for cash and equity bonus compensation to executive officers and directors, which the Compensation Committee considered in reaching its determinations of such compensation. In addition, the consultant was available to respond to specific inquiries throughout the year.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee currently consists of Messrs. Brown, O'Brien and Rhine. Mr. O'Brien is the Chairman of the Compensation Committee. None of such members was, at any time during the Last Fiscal Year or at any previous time, an officer or employee of the Company.

None of the Company's directors or executive officers serves as a member of the board of directors or compensation committee of any other entity that has one or more of its executive officers serving as a member of the Company's board of directors. No member of the Compensation Committee had any relationship with us requiring disclosure under Item 404 of Securities and Exchange Commission Regulation S-K.

Nominating Committee

The Nominating Committee consists of Messrs. Brown, O'Brien and Rhine. Mr. Brown is the Chairman of the Nominating Committee. The Nominating Committee held one(1) meeting during the Last Fiscal Year. The Nominating Committee evaluates and approves nominations for annual election to, and to fill any vacancies in, the Board and recommends to the Board the directors to serve on committees of the Board. The Nominating Committee also approves the compensation package of the Company's directors. Messrs. Brown, O'Brien and Rhine are considered "independent" under the rules of the SEC and the Nasdaq.

The Nominating Committee has adopted a formal written charter (the “Nominating Charter”). The Nominating Charter sets forth the duties and responsibilities of the Nominating Committee and the general skills and characteristics that the Nominating Committee employs to determine the individuals to nominate for election to the Board. The Nominating Charter is available on the Company’s Internet website at www.cinedigm.com.

The Nominating Committee will consider any candidates recommended by stockholders. In considering a candidate submitted by stockholders, the Nominating Committee will take into consideration the needs of the Board and the qualifications of the candidate. Nevertheless, the Board may choose not to consider an unsolicited recommendation if no vacancy exists on the Board and/or the Board does not perceive a need to increase the size of the Board.

There are no specific minimum qualifications that the Nominating Committee believes must be met by a Nominating Committee-recommended director nominee. However, the Nominating Committee believes that director candidates should, among other things, possess high degrees of integrity and honesty; have literacy in financial and business matters; have no material affiliations with direct competitors, suppliers or vendors of the Company; and preferably have experience in the Company’s business and other relevant business fields (for example, finance, accounting, law and banking). The Nominating Committee considers diversity together with the other factors considered when evaluating candidates but does not have a specific policy in place with respect to diversity.

Members of the Nominating Committee meet in advance of each of the Company’s annual meetings of stockholders to identify and evaluate the skills and characteristics of each director candidate for nomination for election as a director of the Company. The Nominating Committee reviews the candidates in accordance with the skills and qualifications set forth in the Nominating Charter and the rules of the Nasdaq. There are no differences in the manner in which the Nominating Committee evaluates director nominees based on whether or not the nominee is recommended by a stockholder.

Stock Ownership Guidelines

The Board has adopted stock ownership guidelines for its non-employee directors, pursuant to which the non-employee directors are required to acquire, within three (3) years, and maintain until separation from the Company, shares equal in value to a minimum of three (3) times the aggregate value of the annual cash and stock retainer (not including committee or per-meeting fees) payable to such director. Shares acquired as Board retainer fees and shares owned by an investment entity with which a non-employee director is affiliated may be counted toward the stock ownership requirement.

ITEM 11. EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

This section describes the compensation program and related decisions for our Named Executive Officers (“NEOs”) in our fiscal year ended March 31, 2020 (“Fiscal 2020”). As a “smaller reporting company,” as that term is defined under SEC rules, we are not required to include a “Compensation Discussion and Analysis” and are permitted to exclude certain executive compensation tables from our disclosure.

We have elected to include this Compensation Discussion & Analysis (“CD&A”) as well as additional tables required under Item 402 of Regulation S-K on a voluntary basis. As permitted under Item 402, we are not including pay ratio disclosure in light of our status as a smaller reporting company. This CD&A is intended to be read in conjunction with the tables beginning on page 51, which provide historical compensation information for the following NEOs:

<u>NEOs</u>	<u>Title</u>
Christopher J. McGurk	Chairman and Chief Executive Officer
Gary S. Loffredo	Chief Operating Officer, President of Digital Cinema, General Counsel and Secretary
Erick Opeka	Executive Vice President and President of Cinedigm Digital Networks

Quick CD&A Reference Guide

Compensation Program Overview	Section I
Compensation Philosophy and Objectives	Section II
Pay Mix	Section III
Competitive Positioning	Section IV
Elements of Compensation	Section V
Additional Compensation Practices and Policies	Section VI

I. Compensation Program Overview

The Company's executive compensation program is designed to attract, motivate and retain highly skilled and experienced individuals to attain the Company's corporate goals. To do so, the program provides competitive compensation packages that motivate executive officers, links pay to performance and aligns executive officers' interests with those of the Company and its shareholders over the long term.

The executive compensation program for the NEOs is administered by the Compensation Committee, all of the members of which are independent. The Compensation Committee annually reviews the executive compensation elements and assesses the integrity of the compensation program as a whole to ensure that it continues to be aligned with the Company's compensation objectives and supports the attainment of Company goals.

As the Company has evolved, so too has the compensation program. During the last several years, Cinedigm's executive compensation for NEOs has been transitioning to a more performance-oriented program. The Company aims to improve both shareholder returns and its cash position. To help achieve these goals, the Compensation Committee has designed the compensation program to reward the Chief Executive Officer ("CEO") and other employees for achieving strategic goals and increasing shareholder value by linking a portion of pay to performance through annual cash and long-term equity incentives.

The compensation program generally consists of base salary, annual incentives, and long-term equity incentive compensation. In addition, all of our NEOs receive some modest personal benefits and perquisites. Retirement benefits are accumulated through the Company's 401(k) plan, which is open to all employees. The Company does not provide supplemental retirement benefits for NEOs. Mr. McGurk and Mr. Opeka are the only NEOs who have employment agreements with the Company.

When the Company does not meet performance targets or the share price does not increase, executive pay and payouts are affected. For fiscal 2020, performance targets were not achieved and annual incentive payouts under the MAIP were not earned.

II. Compensation Philosophy and Objectives

Cinedigm's executive compensation program is focused on enabling the Company to hire and retain qualified and motivated executives, motivating them to meet its business needs and objectives. The executive compensation program has been designed around the following objectives:

- Provide competitive compensation levels to enable the recruitment and retention of highly qualified executives.
- Strengthen the link between pay and corporate and business unit performance encouraging and rewarding excellence and contributions to support Cinedigm's success.
- Align the interests of executives with those of shareholders through grants of equity-based compensation that promote increasing shareholder value and also provide opportunities for ongoing executive share ownership.

An overarching principle in delivering on these objectives is to ensure that compensation decisions are made in the Company's best financial interests such that incentive awards are both affordable and reasonable, taking into account Company performance and circumstances and considering the interests of all stakeholders.

III. Pay Mix

The Company's pay philosophy has evolved from an emphasis on fixed pay to one that is based on the belief that a substantial portion of each executive's compensation should be at risk and dependent upon performance. While the Compensation Committee has not adopted a targeted mix of either long-term to short-term, fixed to variable, or equity and non-equity compensation, it has taken steps to increase the portion of variable compensation. Steps in this direction include the continuation of the performance-based annual incentive program (MAIP) and more regular equity grants.

IV. Compensation Determination Process

The Compensation Committee designs the executive compensation program with the intention of accomplishing the goals described above. In determining executive compensation, the Compensation Committee obtains input and advice from its independent compensation consultant. The Compensation Committee reviews and approves compensation and performance awards to the CEO and executive officers and considers financial, operational and share price performance to determine appropriate executive compensation parameters. The Compensation Committee also considers the results of the prior stockholders' advisory vote on executive compensation. To date, the stockholders have approved, on a non-binding advisory basis, of executive compensation.

Role of the Independent Compensation Consultant

The Compensation Committee has selected and retained Aon as its independent compensation consultant to assist it in the performance of its duties and responsibilities. While the Compensation Committee took into consideration the review and recommendations of this independent advisor when making decisions about the Company's executive and director compensation practices, the Compensation Committee ultimately made its own independent decisions about these matters.

Competitive Assessment

The Compensation Committee used comparative compensation information from a relevant group of peer companies as one of several factors considered as part of setting compensation for our CEO and our other NEOs. The Compensation Committee has not defined a target pay positioning relative to the peer group for the CEO or the other NEOs, nor does it commit to providing total compensation at a specific percentile or within a specific pay range. In fiscal 2019, the Compensation Committee developed new peer groups with the assistance of Aon in connection with renewing Mr. McGurk's employment agreement, setting Mr. Loffredo's compensation in connection with his promotion and establishing Mr. Opeka's employment agreement. The Compensation Committee retains discretion in determining the nature and extent of the use of peer group data. The Compensation Committee periodically reassesses the companies within the peer groups and makes changes as appropriate, considering mergers and acquisitions involving peer companies, changes in the Company's business and other factors.

In connection with renewing Mr. McGurk's employment agreement, the Compensation Committee selected a peer group that consisted of the following companies:

Avid Technology	Leaf Group
Brightcove Inc.	Limelight Networks
Digimarc Corp.	National Cinemedia
Dolphin Entertainment	RealNetworks, Inc.
Harmonic Inc.	RLJ Entertainment
IMAX Corp.	Seachange Intl.

The Committee also considered market data from broader sets of companies provided by Aon to supplement the peer group specific information.

With respect to the peer groups developed in fiscal 2019, the Company was positioned near the median of the group for revenues.

V. Elements of Compensation

Compensation for executive officers is comprised primarily of three main components:

- base salary;

- annual incentive awards; and
- long-term incentive equity grants.

These components support the core principles of our executive officer compensation philosophy of pay for performance and alignment of executive officers' interests with those of Cinedigm and its shareholders by emphasizing short- and long-term incentives. Our compensation program encourages our employees to remain focused on both our short-term and long-term goals: our annual incentive (MAIP) measures and rewards business and individual performance on an annual basis, while our equity awards typically vest in installments of three years and increase in value with any share price appreciation, encouraging our executives to focus on the long-term performance of our company.

Base Salary

Base salaries are fixed compensation with the primary function of aiding in attraction and retention. Base salaries vary among executive officers, and are individually determined according to each executive officer's areas of responsibility, role and experience. The Compensation Committee reviews the salaries for our NEOs periodically, as well as at the time of a promotion, change in responsibilities, or when employment arrangements and/or agreements are renewed. Any increases are based on an evaluation of the performance of the Company and the executive, the relative strategic importance of the position, market conditions, and competitive pay levels (though, as noted earlier, the Compensation Committee does not target a specific percentile or range).

For fiscal 2020, the Compensation Committee did not adjust the base salary of any of our NEOs. The Compensation Committee had made adjustments to the base salaries of Messrs. Loffredo and Opeka in fiscal 2019, and did not believe that any additional adjustments were warranted in fiscal 2020.

Annual Incentive Awards

The annual cash incentive component aims to ensure that our executive officers are aligned in reaching our short- and long-term goals. Annual cash incentives are designed to provide a significant pay-for-performance element of our executive compensation package, through the formal performance-based Management Annual Incentive Plan ("MAIP"). The MAIP incorporates predetermined, specific target award levels and performance metrics and goals that the Compensation Committee deemed rigorous and challenging. The MAIP goals are critical to Cinedigm's future success and are designed to reward the collaboration across divisions and segments required to achieve corporate financial goals.

All NEOs have a target bonus set at a fixed percentage of their base salary. The program also established threshold and maximum levels of incentive awards defined as a percentage of a participant's salary. The Compensation Committee generally establishes the individual payout targets for each NEO based on the executive's position, level of responsibility and a review of the competitive market.

Threshold, target and maximum annual incentive opportunities for our NEOs for Fiscal 2020 were as follows:

MAIP Potential Awards

Executive Officer	Threshold	Target (as a % of base salary)	Maximum
Chris McGurk	37.5%	100%	150%
Gary S. Loffredo	25%	50%	100%
Erick Opeka	17.5%	35%	70%

At the beginning of fiscal 2019, the Compensation Committee established performance measures and goals set forth in the table below. The Compensation Committee retained the same measures for fiscal 2020. The measures include a Company and/or division component with a performance measure and an individual component. The Company/division measure consisted of consolidated adjusted EBITDA. Mr. Loffredo and Mr. Opeka, who each led a division in fiscal 2020, had a portion of their measurement determined by that division's EBITDA performance as compared to EBITDA goals established at the beginning of the fiscal year.

<u>Executive Officers</u>	<u>Company</u>		<u>Individual</u>
	<u>Cinedigm</u>	<u>Division</u>	
Chris McGurk	80%	--	20%
Gary Loffredo	60%	20%	20%
Erick Opeka	60%	20%	20%

We do not disclose performance targets, division targets or individual goals, as we believe that such disclosure would result in competitive harm. Based on our experience, we believe these targets were rigorous and challenging, and were set sufficiently high to provide incentive to achieve a high level of performance. We believe it is difficult, although not unattainable, for the targets to be reached and, therefore, no more likely than unlikely that the targets will be reached.

The Compensation Committee reviewed Company EBITDA achievement against our fiscal 2020 objectives. The performance targets were not satisfied and there were no payouts under the executive officers' annual cash incentive plan for fiscal 2020.

Long-Term Incentive Awards

The Compensation Committee uses equity-based compensation to reward future performance, as reflected by the market price of our shares and/or other performance criteria. The Compensation Committee annually considers long-term incentive awards, for which it has the authority to grant a variety of equity-based awards. The primary objective of such awards is to align the interests of executives with those of the Company and its shareholders by offering incentives to achieve performance goals believed to be linked to increasing shareholder value, increasing executive share ownership and fostering a long-term focus. In recent years, such awards have been made after fiscal year end in order to permit consideration of year-end performance.

We currently maintain the 2017 Equity Incentive Plan ("2017 Plan"). The 2017 Plan is administered by the Compensation Committee. Under the 2017 Plan, the Compensation Committee or the Board has authority to grant awards of non-qualified stock options, incentive stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units, performance shares, performance units, cash-based awards, or other stock-based awards to employees, non-employee directors, and third-party consultants.

The Compensation Committee determines the executive officers' equity-based awards, taking into account pay mix and the executive officer's contribution to Company performance. The mix of equity-based vehicles is structured to enhance the executive officers' commitment to increasing shareholder value.

Performance Units

In fiscal 2019, under the 2017 Plan, the Compensation Committee granted Mr. McGurk 640,000 performance units and granted Messrs. Loffredo and Opeka 200,000 performance units. The performance units were designed to vest based on the achievement of cumulative internal adjusted EBITDA ("Cumulative IAEBITDA") targets determined in the sole and absolute discretion of the Compensation Committee, with 50% of such shares ("Tranche A Units") to vest based on Cumulative IAEBITDA for the period April 1, 2018 to March 31, 2019 (the "2019 performance period") and the other 50% of such shares ("Tranche B Units") to vest based on Cumulative IAEBITDA for the period April 1, 2019 to March 31, 2020 (the "2020 performance period"). The Company was given discretion to pay such awards in cash or in stock. Any performance units that are Tranche B Units would also include any Tranche A Units that were not earned based on performance in the 2019 performance period will become eligible to be earned during the 2020 performance period.

Performance Metrics	Target	Actual
2019 Cumulative IAEBITDA	> \$9.1 million	\$11.7 million
2020 Cumulative IAEBITDA	> \$12.5 million	\$6.0 million

Cumulative IABITDA for the 2019 performance period was \$11.7 million. The Compensation Committee has approved the Tranche A Units earned by Messrs. McGurk, Loffredo and Opeka for the 2019 performance period, although such approval was delayed in light of overall Company performance and financial circumstances. The numbers of Tranche A Units earned by Messrs. McGurk, Loffredo and Opeka were 320,000, 100,000 and 100,000 Units, respectively, which shall be paid in stock. Cumulative IABITDA for the 2020 performance period was \$6.0 million, and as such, the Compensation Committee has determined none of the Tranche B Units were earned and all were cancelled.

SARs

In fiscal 2019, the Compensation Committee granted SARs to the NEOs under our 2017 Plan. Mr. McGurk was granted 700,000 SARs, Mr. Loffredo was granted 407,610 SARs, and Mr. Opeka was granted 355,000 SARs. The SARs granted to Messrs. McGurk and Loffredo have an exercise price of \$1.47 and will vest in equal installments on March 31 of each of 2019, 2020 and 2021. The SARs granted to Mr. Opeka have an exercise price of \$1.16 and will also vest in equal installments on March 31 of each of 2019, 2020 and 2021. No grants were made during Fiscal 2020.

VI. Additional Compensation Arrangements, Policies and Practices

Mr. McGurk's Compensation Arrangements

Mr. McGurk joined Cinedigm in January 2011 as CEO and Chairman of the Board. Accordingly, Mr. McGurk's compensation package was created in line with the Company's current compensation philosophy of a base salary coupled with variable compensation including a large portion of equity-based compensation, through stock options, linked to stock price performance. When negotiating Mr. McGurk's employment agreement, the Company sought to provide salary and bonus amounts that were in line with peer group amounts and that would provide incentive for Mr. McGurk with a view toward increasing stockholder value.

A summary of Mr. McGurk's compensation package is located under the heading "Employment Agreements and Arrangements Between the Company and Named Executives" of this Item 11.

Employment Agreement with Mr. McGurk and Employment Arrangements for other NEOs

The Company currently has employment agreements with Mr. McGurk and Mr. Opeka and employment arrangements with Mr. Loffredo for retention during periods of uncertainty and operational challenge. Additionally, the employment agreements and employment arrangements include non-compete and non-solicitation provisions. The provisions for severance benefits are at typical competitive levels. See "Employment Agreements and Arrangements Between the Company and Named Executives" of this Item 11 for a description of the material terms of Messrs. McGurk's and Opeka's employment agreements and Mr. Loffredo's employment arrangements.

Personal Benefits and Perquisites

In addition to the benefits provided to all employees and grandfathered benefits (provided to all employees hired before January 1, 2005), the CEO and NEOs are eligible for an annual physical and supplemental life insurance coverage of \$200,000.

It is the Company's policy to provide minimal and modest perquisites to the CEO and NEOs. With the new employment arrangements, most perquisites previously provided, including automobile allowances, have been eliminated.

Policy on Deductibility of Compensation

Section 162(m) of the Internal Revenue Code limits the deductibility of compensation in excess of \$1 million paid to certain executive officers named in this proxy statement, unless certain requirements are met. Pursuant to the Tax Cuts and Jobs Act of 2017, subject to certain transition rules (which apply to remuneration provided pursuant to written binding contracts which were in effect on November 2, 2017 and which are not subsequently modified in any material respect), for taxable years beginning after December 31, 2017, the exemption from the deduction limit for "performance-based compensation" is no longer available. Consequently, for fiscal years beginning after December 31, 2017, all remuneration in excess of \$1 million paid to a specified executive will not be deductible. Given the Company's net operating losses, Section 162(m) is not currently a material factor in designing compensation.

Recoupment ("Clawback") Policy

The Company intends to recapture compensation as currently required under the Sarbanes-Oxley Act. However, there have been no instances to date where it needed to recapture any compensation.

Additionally, we recognize that our compensation program will be subject to the forthcoming amendments to stock exchange listing standards required by Section 954 of the Dodd-Frank Act, which requires that stock exchange listing standards be amended to require issuers to adopt a policy providing for the recovery from any current or former executive officer of any incentive-based compensation (including stock options) awarded during the three-year period prior to an accounting restatement resulting from

material noncompliance of the issuer with financial reporting requirements. We intend to adopt such a clawback policy which complies with all applicable standards when such rules are adopted.

Restriction on Speculative Transactions

The Company's Insider Trading and Disclosure Policy restricts employees and directors of the Company from engaging in speculative transactions in Company securities, including short sales, and discourages employees and directors of the Company from engaging in hedging transactions, including "cashless" collars, forward sales, and equity swaps, that may indirectly involve short sales. Pre-clearance by the Company is required for all equity transactions.

COMPENSATION COMMITTEE REPORT

The following report does not constitute soliciting material and is not considered filed or incorporated by reference into any other filing by the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis that precedes this Report as required by Item 402(b) of the SEC's Regulation S-K. Based on its review and discussions with management, the Compensation Committee recommended to the Board the inclusion of the Compensation Discussion and Analysis in this proxy statement.

The Compensation Discussion and Analysis discusses the philosophy, principles, and policies underlying the Company's compensation programs that were in effect during fiscal 2020.

Respectfully submitted,

The Compensation Committee of the Board of Directors
Patrick W. O'Brien, Chairman
Peter C. Brown
Zvi M. Rhine

Named Executives

The following table sets forth certain information concerning compensation received by the Company's NEOs, consisting of the Company's Chief Executive Officer and its two other most highly compensated individuals who were serving as executive officers at the end of the Last Fiscal Year, plus up to two additional persons for whom disclosures would have been provided but for the fact that they were not serving as executive officers at the end of the Last Fiscal Year, for services rendered in all capacities during the Last Fiscal Year.

SUMMARY COMPENSATION TABLE

Name and Principal Position(s)	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
Christopher J. McGurk	2020	600,000	—	—	—	—	31,722	631,722
Chief Executive Officer and Chairman	2019	600,000	400,000	—	700,000	—	43,697	1,043,697
	2018	600,000	550,000	366,000	—	—	39,509	1,555,509
Gary S. Loffredo	2020	425,000	—	—	—	—	44,541	469,540
Chief Operating Officer,	2019	367,424	100,000	—	407,610	—	43,697	511,121
General Counsel and Secretary	2018	350,667	150,000	122,000	—	—	38,219	660,886
Erick Opeka	2020	325,000	—	—	—	—	15,611	340,611
President of Digital Networks	2019	292,295	100,000	—	355,000	—	7,537	399,831

(1) Excludes shares earned in June 2020 for fiscal year 2019 under performance share units ("PSUs") to be paid during fiscal year 2021. See above for a description of the material terms of the PSUs.

(2) The amounts in this column reflect the grant date fair value for all fiscal years presented in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in footnote 2 to the Company's audited financial statements for the fiscal years ended March 31, 2020 and 2019, included in this Annual Report on Form 10-K (the "Form 10-K").

(3) The amounts in this column reflect amounts earned under annual incentive awards. See below for a description of the material terms of the annual incentive plan for each NEO.

(4) Includes life and disability insurance premiums paid by the Company and certain medical expenses paid by the Company for each NEO, for the fiscal year ended March 31, 2020: for Mr. McGurk, \$1,104 and \$30,618; for Mr. Loffredo, \$1,104 and \$43,437; and for Mr. Opeka, \$1,104 and \$14,507.

Employment agreements and arrangements between the Company and Named Executive Officers

Christopher J. McGurk. On August 22, 2013, the Company entered into a new employment agreement with Mr. McGurk (the "2013 McGurk Employment Agreement") which superseded his initial employment agreement, pursuant to which McGurk will continue to serve as the Chief Executive Officer and Chairman of the Board of the Company. The term of the 2013 McGurk Employment Agreement commenced on January 3, 2011 and ended on March 31, 2017. Pursuant to the 2013 McGurk Employment Agreement, Mr. McGurk received an annual base salary of \$600,000 subject to annual reviews and increases in the sole discretion of the Compensation Committee. Mr. McGurk was entitled to receive a bonus of \$250,000. In addition, Mr. McGurk was entitled to receive a retention bonus of \$750,000, payable in three equal installments on March 31 of each of 2015, 2016 and 2017 in cash or shares of Class A Common Stock, or a combination thereof, at the Compensation Committee's discretion. Under the MAIP, Mr. McGurk's target bonus for fiscal years 2015, 2016 and 2017 was \$600,000.

Also pursuant to the 2013 McGurk Employment Agreement, Mr. McGurk received a grant of non-statutory options to purchase 1,500,000 shares of Common Stock, which options have an exercise price of \$1.40 and a term of ten (10) years, and one-third (1/3) of which vested on March 31 of each of 2015, 2016 and 2017.

The 2013 McGurk Employment Agreement further provided that Mr. McGurk is entitled to participate in all benefit plans provided to senior executives of the Company. In addition, if the Company terminated Mr. McGurk's employment without cause or he resigned with good reason, the 2013 McGurk Employment Agreement provided that he would be entitled to receive his base salary through the later of March 31, 2017 or twelve (12) months following such termination as well as bonus earned and approved by the Compensation Committee, reimbursement of expenses incurred and benefits accrued prior to the termination date. If such termination or resignation occurred within two years after a change in control, then in lieu of receiving his base salary as described above, Mr. McGurk would have been entitled to receive a lump sum payment equal to the sum of his then base salary and target bonus amount, multiplied by the greater of (i) two, or (ii) a fraction, the numerator of which would be the number of months remaining in the term (but no less than twelve (12), and the denominator of which is twelve. Upon a change in control, any unvested options shall immediately vest provided that Mr. McGurk is an employee of the Company on such date.

On January 4, 2017, Mr. McGurk and the Company amended the 2013 McGurk Employment Agreement to extend the term to March 31, 2018.

On June 7, 2018, Mr. McGurk and the Company entered into an amendment (the "2018 Amendment") to the 2013 McGurk Employment Agreement. Pursuant to the 2018 Amendment, Mr. McGurk will continue to serve as the Chief Executive Officer and Chairman of the Board of the Company through March 31, 2021. The 2018 Amendment also provides that (i) if Mr. McGurk's employment continues after March 31, 2021 without an extension or renewal of the Employment Agreement, as amended, or entry into another employment agreement, then such employment will be at-will and, for the duration of the at-will employment, Mr. McGurk will be entitled to receive his base salary and participate in the bonus, stock incentive, and benefit programs in effect at the expiration of the Term (as defined in the 2018 Amendment).

The 2018 Amendment also provides that Mr. McGurk is eligible for (i) under the Company's MAIP, a target bonus opportunity percentage of 100% of the Base Salary, to be adjusted higher or lower at the sole and absolute discretion of the Compensation Committee consistent with goals established from time to time by the Compensation Committee, (ii) under the Company's 2017 Equity Incentive Plan, performance share units for up to 640,000 shares of the Company's Class A Common Stock, subject to the EBITDA targets to be determined in the sole and absolute discretion of the Compensation Committee, with 50% of such shares to vest on March 31 of each of 2019 and 2020, and (iii) under the Company's 2017 Equity Incentive Plan, 700,000 stock appreciation rights ("SARs") having an exercise price of \$1.47 and a term of ten (10) years, and one-third (1/3) of which will vest on March 31 of each of 2019, 2020 and 2021.

The 2018 Amendment also provides that, in the event of a termination without Cause, Mr. McGurk shall be entitled to payment of (i) the greater of any Base Salary for the remainder of the Term or one year's Base Salary and (ii) an amount equivalent to the average of the last three (3) bonus payments under the MAIP, if any, under the Employment Agreement. In addition, the Amendment provides that the existing severance terms in connection with a Change in Control apply if all conditions to such payment occur prior to March 31, 2020, and that if such conditions apply occur thereafter, then Mr. McGurk shall be entitled to the payments described in the first sentence of this paragraph instead.

All terms of the 2013 McGurk Employment Agreement that were not affected by the Amendment remain in full force and effect.

Gary S. Loffredo. On October 13, 2013, the Company entered into an employment agreement with Mr. Loffredo (the "2013 Loffredo Employment Agreement"). Pursuant to the 2013 Loffredo Agreement, Loffredo serves as the Executive Vice President, Business Affairs, General Counsel and Secretary of the Company and President of Digital Cinema Operations. The 2013 Loffredo Employment Agreement superseded Mr. Loffredo's prior employment agreement with the Company (the "2011 Loffredo Employment Agreement"). The term of the 2013 Loffredo Employment Agreement continued from the 2011 Loffredo Employment Agreement and ended on October 3, 2015, and upon such expiration, Mr. Loffredo became an at-will employee. Pursuant to the 2013 Loffredo Employment Agreement, Mr. Loffredo will receive an annual base salary of \$340,000 subject to increase at the discretion of the Compensation Committee. In addition, Mr. Loffredo was eligible for bonuses for each fiscal year, with target bonus for fiscal years 2014 and 2015, and the pro rata portion of fiscal year 2016 covered by the 2013 Loffredo Employment Agreement, of \$170,000, which bonuses were to be based on Company performance with goals to be established annually by the Compensation Committee.

Also pursuant to the 2013 Loffredo Employment Agreement, Mr. Loffredo received a grant of non-statutory options to purchase 350,000 shares of Class A Common Stock, which options have an exercise price of \$1.54 and a term of ten (10) years, and one-third (1/3) of which vested on October 13 of each of 2014, 2015 and 2016.

The 2013 Loffredo Employment Agreement further provides that Mr. Loffredo is entitled to participate in all benefit plans provided to senior executives of the Company. If the Company terminates Mr. Loffredo's employment without cause or he resigns with good reason, the 2013 Loffredo Employment Agreement provides that he is entitled to receive his base salary for the longer of the remainder of the term or the (twelve) 12 months following the termination as well as earned salary and bonus(es), reimbursement of expenses incurred and benefits accrued prior to the termination date. If such termination or resignation occurs within two years after a change in control, then in lieu of receiving his base salary as described above, Mr. Loffredo would be entitled to receive a lump sum payment equal to two times the sum of his then base salary and target bonus amount.

On February 28, 2019, in connection with Mr. Loffredo's promotion to Chief Operating Officer, Mr. Loffredo's annual base salary was increased to \$425,000.

Erick Opeka. On September 15, 2018, the Company entered into an employment agreement with Mr. Opeka (the "Opeka Employment Agreement"), pursuant to which Mr. Opeka will serve as President Networks of the Company. The term of the Opeka Employment Agreement is from September 15, 2018 through September 15, 2021 and upon such expiration Mr. Opeka will become an at-will employee. As outlined in the Employment Agreement, Mr. Opeka will receive an annual base salary of \$325,000 subject to annual reviews and increase for subsequent years in the sole discretion of the Compensation Committee of the board of directors (the "Board") of the company (the "Committee"). Mr. Opeka shall participate in the Company's Management Annual Incentive Plan ("MAIP") or any amended or successor plan thereto.

As outlined in the Opeka Employment Agreement, on September 28, 2018 Mr. Opeka was granted 355,000 SARs. Each SAR entitles the participant to receive, upon exercise, an amount equal to the excess of the market price per share of the Class A common stock on the exercise date, over \$1.16, being not less than the market price per share of the Class A common stock on the grant date, cash, or combination of both cash and common stock, at the option of the Company. Stock-based compensation was immaterial for the six months ended September 30, 2018 relating to these SARs. These SARs expire ten years from the grant date and vest 118,333 shares on each of March 31, 2019 and March 31, 2020, and 118,334 shares on March 31, 2021.

Equity Compensation Plans

The following table sets forth certain information, as of March 31, 2020, regarding the shares of Cinedigm's Class A Common Stock authorized for issuance under Cinedigm's equity compensation plan.

Plan	Number of shares of Class A common stock issuable upon exercise of outstanding options, warrants or rights [1]	Weighted average of exercise price of outstanding	Number of shares of Class A common stock remaining available for future issuance
Cinedigm Second Amended and Restated 2000 Equity Incentive Plan ("the 2000 Plan") approved by shareholders	272,766	\$ 15.00	—
Cinedigm 2017 Equity Incentive Plan (the "2017 Plan")	—	—	3,742,297
Cinedigm compensation plans not approved by shareholders (2)	462,500	\$ 26.5	—

(1) Shares of Cinedigm Class A Common Stock

(2) Reflects stock options which were not granted under the 2000 Plan or the 2017 Plan.

The 2000 Plan

Our Board originally adopted the 2000 Plan on June 1, 2000 and our shareholders approved the 2000 Plan by written consent in July 2000. Certain terms of the Plan were last amended and approved by our shareholders in September 2016. Under the 2000 Plan, we may grant incentive and non-statutory stock options, stock, restricted stock, restricted stock units (RSUs), stock appreciation rights, performance awards and other equity-based awards to our employees, non-employee directors and consultants. The primary purpose of the 2000 Plan is to enable us to attract, retain and motivate our employees, non-employee directors and consultants. The term of the 2000 Plan expires on June 1, 2020. The 2000 Plan has been replaced by the 2017 Plan, and no new awards will be granted from the 2000 Plan; however, the adoption of the 2017 Plan did not affect awards already granted under the 2000 Plan.

Options granted under the 2000 Plan expire ten years following the date of grant (or such shorter period of time as may be provided in a stock option agreement or five years in the case of incentive stock options granted to stockholders who own

greater than 10% of the total combined voting power of the Company) and are subject to restrictions on transfer. Options granted under the Plan generally vest over periods of up to three or four years. The 2000 Plan is administered by the Compensation Committee, and may be amended or terminated by the Board, although no amendment or termination may adversely affect the right of any individual with respect to any outstanding option without the consent of such individual. The 2000 Plan provides for the granting of incentive stock options with exercise prices of not less than 100% of the fair market value of the Company's Class A Common Stock on the date of grant. Incentive stock options granted to stockholders of more than 10% of the total combined voting power of the Company must have exercise prices of not less than 110% of the fair market value of the Company's Class A Common Stock on the date of grant. Incentive and non-statutory stock options granted under the 2000 Plan are subject to vesting provisions, and exercise is generally subject to the continuous service of the optionee, except for consultants. The exercise prices and vesting periods (if any) for non-statutory options may be set at the discretion of the Board or the Compensation Committee. Upon a change of control of the Company, all options (incentive and non-statutory) that have not previously vested will vest immediately and become fully exercisable. Options covering no more than 50,000 shares may be granted to one participant during any calendar year unless pursuant to a multi-year award, in which case no more than options covering 50,000 shares per year of the award may be granted, and during which period no additional options may be granted to such participant.

Grants of restricted stock and restricted stock units are subject to vesting requirements, generally vesting over periods up to three years, determined by the Compensation Committee and set forth in notices to the participants. Grants of stock, restricted stock and restricted stock units shall not exceed 40% of the total number of shares available to be issued under the 2000 Plan.

Stock appreciation rights ("SARs") consist of the right to the monetary equivalent of the increase in value of a specified number of shares over a specified period of time. Upon exercise, SARs may be paid in cash or shares of Class A Common Stock or a combination thereof. Grants of SARs are subject to vesting requirements, similar to those of stock options, determined by the Compensation Committee and set forth in agreements between the Company and the participants. RSUs shall be similar to restricted stock except that no Class A Common Stock is actually awarded to the Participant on the grant date of the RSUs and the Compensation Committee shall have the discretion to pay such RSUs upon vesting in cash or shares of Class A Common Stock or a combination thereof.

Performance awards consist of awards of stock and other equity-based awards that are valued in whole or in part by reference to, or are otherwise based on, the market value of the Class A Common Stock, or other securities of the Company, and may be paid in shares of Class A Common Stock, cash or another form of property as the Compensation Committee may determine. Grants of performance awards shall entitle participants to receive an award if the measures of performance established by the Committee are met. Such measures shall be established by the Compensation Committee but the relevant measurement period for any performance award must be at least 12 months. Grants of performance awards shall not cover the issuance of shares that would exceed 20% of the total number of shares available to be issued under the 2000 Plan, and no more than 500,000 shares pursuant to any performance awards shall be granted to one participant in a calendar year unless pursuant to a multi-year award. The terms of grants of performance awards would be set forth in agreements between the Company and the participants.

The 2017 Plan

Our Board adopted the 2017 Plan on August 7, 2017 and our stockholders approved the 2017 Plan on August 31, 2017. Under the 2017 Plan, we may grant incentive and non-statutory stock options, stock, restricted stock, restricted stock units (RSUs), stock appreciation rights, performance awards and other equity-based awards to our employees, non-employee directors and consultants. The primary purpose of the 2017 Plan is to enable us to attract, retain and motivate our employees, non-employee directors and consultants.

Options granted under the 2017 Plan expire ten years following the date of grant (or such shorter period of time as may be provided in a stock option agreement, or five years in the case of incentive stock options granted to stockholders who own greater than 10% of the total combined voting power of the Company) and are subject to restrictions on transfer. The 2017 Plan is administered by the Compensation Committee, and may be amended or terminated by the Committee, although no amendment or termination may have a material adverse effect on the rights of any individual with respect to any outstanding option, without the consent of such individual. The exercise prices of stock options granted must be not less than 100% of the fair market value of the Company's Class A Common Stock on the date of grant. Incentive stock options granted to stockholders of more than 10% of the total combined voting power of the Company must have exercise prices of not less than 110% of the fair market value of the Company's Class A Common Stock on the date of grant. Incentive and non-statutory stock options granted under the 2017 Plan may be subject to vesting provisions, and exercise is generally subject to the continuous service of the optionee, except for consultants. The exercise prices and vesting periods (if any) for non-statutory options may be set at the discretion of the Board or the Compensation Committee. Upon a change of control of the Company, where the Company's Common Stock does not continue to be publicly traded, unless replacement awards are issued in connection with the transaction, all options (incentive and non-statutory) that have not previously vested will vest immediately and become

fully exercisable. Options covering no more than 400,000 shares (300,000, in the aggregate, to all non-employee directors) may be granted to one participant during any calendar year. Stock appreciation rights (“SARs”) consist of the right to the monetary equivalent of the increase in value of a specified number of shares over a specified period of time. Upon exercise, SARs may be paid, at the discretion of the Compensation Committee, in cash or shares of Class A Common Stock or a combination thereof. Grants of SARs are subject to terms determined by the Compensation Committee and set forth in agreements between the Company and the participants.

Grants of restricted stock and restricted stock units are subject to vesting requirements, generally vesting over periods up to three years, determined by the Compensation Committee and set forth in notices to the participants. Grants of stock, restricted stock and restricted stock units shall not exceed 40% of the total number of shares available to be issued under the Plan.

RSUs shall be similar to restricted stock except that no Class A Common Stock is actually awarded to the Participant on the grant date of the RSUs and the Compensation Committee shall have the discretion to pay such RSUs upon vesting in cash or shares of Class A common stock or a combination thereof.

Performance awards consist of awards of stock and other equity-based awards that are valued in whole or in part by reference to, or are otherwise based on, the market value of the Class A Common Stock, or other securities of the Company, and may be paid in shares of Class A Common Stock, cash or another form of property as the Compensation Committee may determine. Grants of performance awards shall entitle participants to receive an award if the measures of performance established by the Committee are met. Such measures shall be established by the Compensation Committee but the relevant measurement period for any performance award must be at least 12 months. Grants of performance awards shall not cover the issuance of shares that would exceed 20% of the total number of shares available to be issued under the Plan, and no more than 500,000 shares pursuant to any performance awards shall be granted to one participant in a calendar year unless pursuant to a multi-year award. The terms of grants of performance awards would be set forth in agreements between the Company and the participants.

Our Class A common stock is listed for trading on the Nasdaq under the symbol “CIDM”.

The following table sets forth certain information concerning outstanding equity awards of the Company’s NEOs at the end of the Last Fiscal Year. All outstanding stock awards reported in this table represent restricted stock that vests in equal annual installments over three years. At the end of the Last Fiscal Year, there were no unearned equity awards under performance-based plans.

OUTSTANDING EQUITY AWARDS AT MARCH 31, 2020

Name	OPTION AWARDS (1)					STOCK AWARDS	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	
Christopher J. McGurk	150,000 (2)	—	15.00	12/23/2020	—	—	
	250,000 (2)	—	30.00	12/23/2020	—	—	
	50,000 (2)	—	50.00	12/23/2020	—	—	
	150,000 (3)	—	14.00	8/22/2023	—	—	
	466,667 (4)	233,333 (4)	1.47	6/7/2028	—	—	
Gary S. Loffredo	6,479 (5)	—	14.00	6/11/2020	—	—	
	22,500 (6)	—	14.90	8/16/2021	—	—	
	7,500 (7)	—	30.00	8/16/2021	—	—	
	35,000 (8)	—	15.40	10/13/2023	—	—	
	135,867 (9)	271,734 (9)	1.47	12/10/2028	—	—	
Erick Opeka	4,000 (10)	—	15.10	4/20/2022	—	—	
	8,000 (11)	—	18.10	9/2/2024	—	—	
	236,667 (4)	118,333 (4)	1.16	9/28/2028	—	—	

- (1) Reflects stock options and SARs granted under the Company's 2000 Plan, except certain options granted to Mr. McGurk.
(2) Reflects stock options not granted under the 2000 Plan or the 2017 Plan. Of such options, 1/3 in each tranche vested on December 23 of each of 2011, 2012 and 2013.
(3) Of such total options, 1/3 vested on March 31 of each 2015, 2016 and 2017.
(4) Consists of stock appreciation rights which vest as to 1/3 on March 31 of each of 2019, 2020 and 2021.
(5) Of such total options, 1/3 vest on June 11 of each 2011, 2012 and 2013.
(6) Such options vested on August 17, 2012.
(7) Of such total options, 1/4 vested on August 17 of each 2012, 2013, 2014 and 2015.
(8) Of such total options, 1/3 vested on October 13 of each 2014, 2015 and 2016.
(9) Consists of stock appreciation rights which vest as to 1/3 on December 10 of each of 2019, 2020 and 2021.
(10) 1,000 of such options vested on April 20 of each of 2013, 2014, 2015 and 2016.
(11) 2,000 of such options vested on September 2 of each of 2015, 2016, 2017 and 2018.

Directors

The following table sets forth certain information concerning compensation earned by the Company's non-employee directors for services rendered as a director during the Last Fiscal Year.

Name	Cash Fees Earned		Stock Awards (\$)		Total (\$)
	(\$)				
Peter C. Brown	\$	50,000	\$	50,000	\$ 100,000
Tom Bu (1)		—		—	—
Patrick W. O'Brien (Lead Independent Director)		62,000	\$	62,000	\$ 124,000
Zvi M. Rhine		50,000	\$	50,000	\$ 100,000
Peixin Xu		50,000		50,000	100,000
Peng Jin (2)		50,000		50,000	100,000

(1) Joined the Board on March 25, 2020.

(2) Resigned from the Board on March 25, 2020

Each director who is not an employee of the Company is compensated for services as a director by receiving an annual cash retainer for Board service of \$50,000, payable quarterly in arrears, and an annual stock grant of restricted shares of Class A common stock equal in value to \$50,000 as of the last day of the fiscal quarter during which the Company's annual meeting occurs, which restricted shares shall vest on a quarterly basis during the year of service. In addition to the cash and stock retainers paid to all non-employee Directors for Board service, the Lead Independent Director receives a fixed amount to be determined by the Nominating and Governance Committee. The directors may elect to receive any annual cash retainer in shares of vested Class A common stock, in lieu of cash, based on the stock price as of the date of the cash payment. The Company requires that Directors agree to retain 100% of their net after tax shares received for board service until separation from the Company. In addition, the Directors are reimbursed by the Company for expenses of traveling on Company business, which to date has consisted of attending Board and Committee meetings.

The Company has adopted Stock Ownership Guidelines for its non-employee directors as discussed in Part III, Item 10 of this Report on Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

As of June 29, 2020, the Company's directors, executive officers, and principal stockholders beneficially own, directly or indirectly, in the aggregate, approximately 77.2% of its outstanding Class A Common. These stockholders have significant influence over the Company's business affairs, with the ability to control matters requiring approval by the Company's stockholders.

The following table sets forth as of June 29, 2020, certain information with respect to the beneficial ownership of the Class A Common Stock as to (i) each person known by the Company to beneficially own more than 5% of the outstanding shares of the Company's Class A Common Stock, (ii) each of the Company's directors, (iii) each of the Company's Chief Executive Officer, its three other most highly compensated individuals who were serving as executive officers at the end of the Last Fiscal Year, for services rendered in all capacities during the Last Fiscal Year (the "Named Executive Officers"), and (iv) all of the company's directors and executive officers as a group

CLASS A COMMON STOCK

Name (a)	Shares Beneficially Owned (b)		
	<u>Number</u>		<u>Percent</u>
Christopher J. McGurk	1,495,925	(c)	1.4%
Gary S. Loffredo	184,000	(d)	*
Erick Opeka	132,705	(e)	*
Peter C. Brown	267,543	(f)	*
Tom Bu	0		--
Patrick W. O'Brien	244,486		*
Zvi M. Rhine	283,260	(g)	*
Peixin Xu	64,896,460	(h)	56.7%
Bison Capital Holding Company Limited	64,821,748	(i)	56.7%
Beitai Investment LP	21,646,604	(j)	21.0%
All directors and executive officers as a group (8 persons)	68,517,766	(k)	59.3%

- (a) Unless otherwise indicated, the business address of each person named in the table is c/o Cinedigm Corp., 237 West 35th Street, Suite 605, New York, New York 10001.
- (b) Applicable percentage of ownership is based on 103,292,470 shares of Class A Common Stock outstanding as of June 29, 2020 together with all applicable options, warrants and other securities convertible into shares of our Class A Common Stock for such stockholder. Beneficial ownership is determined in accordance with the rules of the SEC, and includes voting and investment power with respect to shares. Shares of Class A Common Stock subject to options, warrants or other convertible securities exercisable within 60 days after June 29, 2020 are deemed outstanding for computing the percentage ownership of the person holding such options, warrants or other convertible securities, but are not deemed outstanding for computing the percentage of any other person. Except as otherwise noted, the named beneficial owner has the sole voting and investment power with respect to the shares of Class A Common Stock shown. Certain information is based on the numbers of shares reported in the most recent Schedule 13D or Schedule 13G, as amended, as applicable, filed by stockholders with the SEC through June 29, 2020 and information provided by holders or otherwise known to the Company.
- (c) Includes (i) 600,000 shares of Class A Common Stock underlying currently exercisable options and (ii) 51,852 shares of Class A Common Stock underlying currently exercisable stock appreciation rights.
- (d) Includes 65,000 shares of Class A Common Stock underlying currently exercisable options.
- (e) Includes (i) 12,000 shares of Class A Common Stock underlying currently exercisable options and (ii) 45,705 shares of Class A Common Stock underlying currently exercisable stock appreciation rights.
- (f) Includes 92,067 shares owned by Grassmere Partners LLC, of which Mr. Brown is Chairman. Mr. Brown disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein.
- (g) Includes 7,400 shares of Class A Common Stock owned by Sabra Capital Partners, LLC, of which Mr. Rhine is the Principal.
- (h) Includes (i) 74,712 shares of Class A Common Stock owned directly, (ii) 23,566,667 shares of Class A Common Stock held by Bison Entertainment Investment Limited (“BEIL”), (iii) 1,400,000 shares of Class A Common Stock subject to issuance upon exercise of currently exercisable warrants held by Bison Entertainment and Media Group (“BEMG”), (iv) 8,224,114 shares, and 6,666,667 shares of Class A common stock subject to issuance upon conversion of a currently convertible note, held by Bison Global Investment SPC for and on behalf of Global Investment SPC-Bison Global No. 1 (“Bison Global”), (v) 5,672,439 shares of Class A Common Stock, and 3,333,333 shares of Class A common stock subject to issuance upon conversion of a currently convertible note, held by Mingtai Investment LP (“Mingtai”), (vi) 4,793,546 shares of Class A Common Stock held by Huatai Investment LP (“Huatai”), (vii) 3,898,615 shares of Class A Common Stock held by Antai Investment LP (“Antai”), and (viii) 7,266,367 shares of Class A Common Stock held by Shangtai Asset Management LP (“Shangtai”). BEIL is wholly-owned by BEMG, which is wholly-owned by Bison Capital Holding Company Limited. Mr. Xu’s spouse, Fengyun Jiang, is the sole owner of Bison Capital Holding Company Limited. Mingtai is indirectly managed by a subsidiary of Bison Finance Group Limited (“BFGL”), which is controlled by Mr. Xu. BFGL’s subsidiary acts as manager of Bison Global. Shangtai and Huatai are indirectly managed by a subsidiary of BFGL. Mr. Xu controls the manager of the general partner of Antai.
- (i) Includes (i) 23,566,667 shares of Class A Common Stock held by BEIL, (ii) 1,400,000 shares of Class A Common Stock subject to issuance upon exercise of currently exercisable warrants held by BEMG, (iii) 8,224,114 shares, and 6,666,667 shares of Class A common stock subject to issuance upon conversion of a currently convertible note, held by Bison Global, (iv) 5,672,439 shares of Class A Common Stock, and 3,333,333 shares of Class A common stock subject to issuance upon conversion of a currently convertible note, held by Mingtai, (v) 4,793,546 shares of Class A Common Stock held by Huatai, (vi) 3,898,615 shares of Class A Common Stock held by Antai, and (vii) 7,266,367 shares of Class A Common Stock held by Shangtai. BEIL is wholly-owned by BEMG, which is wholly-owned by Bison Capital Holding Company Limited. Mr. Xu’s spouse, Fengyun Jiang, is the sole owner of Bison Capital Holding Company Limited. MingTai is indirectly managed by a subsidiary of BFGL, which is controlled by Mr. Xu. BFGL’s subsidiary acts as manager of Bison Global. Shangtai and Huatai are indirectly managed by a subsidiary of BFGL. Mr. Xu controls the manager of the general partner of Antai. The business address of Bison Capital Holding Company Limited is 609-610 21st Century Tower, No. 40 Liangmaqiao Road, Chaoyang District, Beijing, China, 100016.
- (j) Based on Amendment No. 1 to Schedule 13D filed on April 23, 2020. Mr. Jian Wang is the sole shareholder of BeiTai Investment LP.
- (k) Includes a total of 12,174,557 shares that are not currently outstanding, consisting of (i) 677,000 shares of Class A common stock underlying currently exercisable options, (ii) 97,557 shares of Class A common stock underlying currently exercisable stock appreciation rights, (iii) 1,400,000 shares of Class A common stock subject to issuance upon exercise of currently exercisable warrants, and (iv) 10,000,000 shares of Class A common stock subject to issuance upon conversion of currently exercisable convertible notes.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Related Party Transactions

The Audit Committee, pursuant to its charter, is responsible for the review and oversight of all related party transactions and other potential conflict of interest situations, by review in advance or ratification afterward. The Audit Committee charter does not set forth specific standards to be applied; rather, the Audit Committee reviews each transaction individually on a case-by-case, facts and circumstances basis.

On July 20, 2018, the Company entered into the 2018 Loan Agreement with Bison Global, pursuant to which the Company borrowed from Bison Global the 2018 Loan of \$10.0 million. On July 20, 2018, the Corporation also entered into a side letter with BEMG, pursuant to which BEMG agreed to make immediate payment directly to Bison Global of any amount due if (i) the 2018 Loan matures prior to June 28, 2021 or (ii) Bison Global demands payment of the 2018 Loan, in whole or in part, by the Lender prior to maturity. Fengyan Jiang, the spouse of Peixin Xu, one of our directors, is the sole indirect owner of Bison Global and the sole indirect owner of BEMG. On July 12, 2019, the Company and Bison Global terminated the 2018 Loan, and an amount equal to the outstanding principal amount was converted into the Bison Convertible Note, the proceeds of which were used to pay off the 2018 Loan was paid in full. No early payment penalties were incurred. During the fiscal year ended March 2020, with respect to the 2018 Loan, (i) the largest aggregate amount of principal outstanding was \$10.0 million, (ii) no principal was paid, and (iii) no interest was paid; as of March 31, 2020, no principal amount was outstanding.

On July 12, 2019, the Company issued the Bison Convertible Note to Bison Global, pursuant to which the Company borrowed from Bison Global \$10.0 million. On April 15, 2020, the Company executed a letter amendment to the Bison Convertible Note, which, among other things, amended the Bison Convertible Note, effective as of March 4, 2020, to change the maturity date to March 4, 2021. During the fiscal year ended March 2020, with respect to the Bison Convertible Note, (i) the largest aggregate amount of principal outstanding was \$10.0 million, (ii) no principal was paid, and (iii) no interest was paid; as of March 31, 2020, \$10.0 million of principal amount was outstanding.

On July 9, 2019, the Company entered into the July Stock Purchase Agreement with BEMG, pursuant to which the Company sold to BEMG a total of 2,000,000 July SPA Shares for an aggregate purchase price in cash of \$3.0 million, priced at \$1.50 per share. The sale of the July SPA Shares was consummated on July 9, 2019. Fengyan Jiang, the spouse of Peixin Xu, one of our directors, is the sole indirect owner of BEMG.

On August 2, 2019, the Company entered into the August Stock Purchase Agreement with BEMG, pursuant to which the Company sold to BEMG a total of 1,900,000 August SPA Shares for an aggregate purchase price in cash of \$2,850,000 priced at \$1.50 per share. The sale of the August SPA Shares was consummated on August 2, 2019. Fengyan Jiang, the spouse of Peixin Xu, one of our directors, is the sole indirect owner of BEMG.

On October 9, 2019, the Company exercised its option to extend the Convertible Note held by Mingtai for an additional year. The new maturity date of the Convertible Note is October 9, 2020. Mingtai is indirectly managed by a subsidiary of Bison Finance Group Limited (“BFGL”), which is controlled by Peixin Xu, one of our directors. During the fiscal year ended March 2020, with respect to the Convertible Note, (i) the largest aggregate amount of principal outstanding was \$5,000,000, (ii) no principal was paid, and (iii) no interest was paid; as of March 31, 2020, \$5.0 million of principal amount was outstanding.

On April 10, 2020, the Company entered into the April Stock Purchase Agreement with Bison Global, Huatai, Antai, Mingtai and Shangtai, to buy an aggregate of 223,380,000 outstanding Starrise ordinary shares from them and for the Company to issue to them an aggregate of 29,855,081 shares of Common Stock in consideration therefor (the “April Share Acquisition”). On April 15, 2020, the April Share Acquisition was consummated. Mingtai is indirectly managed by a subsidiary BFGL, which is controlled by Peixin Xu, one of our directors. BFGL’s subsidiary acts as manager of Bison Global. Shangtai and Huatai are indirectly managed by a subsidiary of BFGL. Peixin Xu controls the manager of the general partner of Antai.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee oversees the Company's financial reporting process on behalf of the Board. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management the audited financial statements in the Form 10-K, including a discussion of the acceptability of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The Audit Committee reviewed and discussed with the independent registered public accounting firm, which is responsible for expressing an opinion on the conformity of those audited financial statements with the standards of the Public Company Accounting Oversight Board, the matters required to be discussed by Statements on Auditing Standards (SAS 61), as may be modified or supplemented, and their judgments as to the acceptability of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under the standards of the Public Company Accounting Oversight Board.

In addition, the Audit Committee has discussed with the independent registered public accounting firm their independence from management and the Company, including receiving the written disclosures and letter from the independent registered public accounting firm as required by the Independence Standards Board Standard No. 1, as may be modified or supplemented, and has considered the compatibility of any non-audit services with the auditors' independence.

The Audit Committee discussed with the Company's independent registered public accounting firm the overall scope and plans for their audit. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their examinations and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board, and the Board approved, that the audited financial statements be included in the Form 10-K for the year ended March 31, 2020 for filing with the SEC.

Respectfully submitted,

The Audit Committee of the Board of Directors

Zvi M. Rhine, Chairman
Peter C. Brown
Patrick W. O'Brien

THE FOREGOING AUDIT COMMITTEE REPORT SHALL NOT BE "SOLICITING MATERIAL" OR BE DEEMED "FILED" WITH THE SEC, NOR SHALL SUCH INFORMATION BE INCORPORATED BY REFERENCE INTO ANY FILING UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE EXCHANGE ACT, EXCEPT TO THE EXTENT THE COMPANY SPECIFICALLY INCORPORATES IT BY REFERENCE INTO SUCH FILING.

EisnerAmper LLP served as the independent registered public accounting firm to audit the Company’s consolidated financial statements since the fiscal year ended March 31, 2005 and the Board has appointed EisnerAmper LLP to do so again for the fiscal year ending March 31, 2021.

The Company’s Audit Committee has adopted policies and procedures for pre-approving all non-audit work performed by EisnerAmper LLP for the fiscal years ended March 31, 2020 and 2019. In determining whether to approve a particular audit or permitted non-audit service, the Audit Committee will consider, among other things, whether the service is consistent with maintaining the independence of the independent registered public accounting firm. The Audit Committee will also consider whether the independent registered public accounting firm is best positioned to provide the most effective and efficient service to our Company and whether the service might be expected to enhance our ability to manage or control risk or improve audit quality. Specifically, the Audit Committee has pre-approved the use of EisnerAmper LLP for detailed, specific types of services within the following categories of non-audit services: acquisition due diligence and audit services; tax services; and reviews and procedures that the Company requests EisnerAmper LLP to undertake on matters not required by laws or regulations. In each case, the Audit Committee has required management to obtain specific pre-approval from the Audit Committee for any engagements.

The aggregate fees billed for professional services by EisnerAmper LLP for these various services were:

Type of Fees	For the fiscal years ended March 31,	
	2020	2019
(1) Audit Fees	\$ 315,000	\$ 368,000
(2) Audit-Related Fees	—	—
(3) Tax Fees	—	—
(4) All Other Fees	—	—
	<u>\$ 315,000</u>	<u>\$ 368,000</u>

In the above table, in accordance with the SEC’s definitions and rules, “audit fees” are fees the Company paid EisnerAmper LLP for professional services for the audit of the Company’s consolidated financial statements for the fiscal years ended March 31, 2020 and 2019 included in Form 10-K and review of consolidated financial statements incorporated by reference into Form S-3 and Form S-8 and included in Form 10-Qs and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements; “audit-related fees” are fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s consolidated financial statements; “tax fees” are fees for tax compliance, tax advice and tax planning; and “all other fees” are fees for any services not included in the first three categories. All of the services set forth in sections (1) through (4) above were approved by the Audit Committee in accordance with the Audit Committee Charter.

For the fiscal years ended March 31, 2020 and 2019, the Company retained a firm other than EisnerAmper LLP for tax compliance, tax advice and tax planning.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

See Index to Financial Statements on page [38](#) herein.

(a)(2) Financial Statement Schedules

None.

(a)(3) Exhibits

The exhibits are listed in the Exhibit Index beginning on page [64](#) herein.

EXHIBIT INDEX

Exhibit Number	Description of Document
2.1	- Agreement and Plan of Merger dated as of March 14, 2019 among the Company, Future Today Inc (“Future Today”), Alok Ranjan and Vikrant Mathur (individually and as Stockholder Representative) and the Company Stockholders identified therein. (41)
2.1.1	- Amendment No. 1 to Agreement and Plan of Merger, dated as of July 25, 2019, by and among Cinedigm Corp., C&F Merger Sub, Inc., Alok Ranjan and Vikrant Mathur (individually and as Stockholder Representative), Future Today Inc and the Company Stockholders identified therein (45)
3.1	- Fifth Amended and Restated Certificate of Incorporation of the Company. (42)
3.2	- Amended and Restated Bylaws of the Company, as amended. (19)
4.1	- Specimen certificate representing Class A common stock. (1)
4.2	- Specimen certificate representing Series A Preferred Stock. (7)
4.3	- Limited Recourse Pledge Agreement, dated as of February 28, 2013, made by Cinedigm Digital Cinema Corp. in favor of Prospect Capital Corporation, as Collateral Agent. (16)
4.4	- Guaranty, Pledge and Security Agreement, dated as of February 28, 2013, made by Cinedigm DC Holdings, LLC, Access Digital Media, Inc. and Access Digital Cinema Phase 2, Corp., in favor of Prospect Capital Corporation, as Collateral Agent. (16)
4.5	- Limited Recourse Guaranty Agreement, dated as of February 28, 2013, made by Cinedigm Digital Cinema Corp. in favor of Prospect Capital Corporation, as Collateral Agent and as Administrative Agent. (16)
4.6	- Note issued on July 20, 2018. (38)
4.7	- Note issued on October 9, 2018. (37)
4.8	- Guaranty Agreement, dated as of July 14, 2016, among the Guarantors and in favor of Cortland Capital Market Services LLC, as Administrative and Collateral Agent. (24)
4.9	- Second Lien Security Agreement, dated as of July 14, 2016, among the Company, Loan Parties signatory thereto, certain Subsidiaries of the Company and Cortland Capital Market Services LLC, as Administrative and Collateral Agent. (24)
4.10	- Warrant issued on July 14, 2016. (24)
4.11	- Security Agreement, dated as of October 18, 2011, among CDF2 Holdings, LLC and each Grantor from time to time party thereto and Société Générale, New York Branch, as Collateral Agent for CHG-Meridian U.S. Finance, Ltd. And any other CHG Lease Participants. (14)
4.12	- Form of Warrant issued on December 23, 2016. (26)
4.13	- Warrant issued on December 29, 2017. (33)
4.14	- Trademark Security Agreement dated as of March 30, 2018 by and between the Company and East West Bank. (34)
4.15	- Trademark Security Agreement dated as of March 30, 2018 by and between Cinedigm Entertainment Corp. and East West Bank. (34)
4.16	- Trademark Security Agreement dated as of March 30, 2018 by and between Vistachiara Productions, Inc. and East West Bank. (34)
4.17	- Copyright Security Agreement dated as of March 30, 2018 by and between the Company and East West Bank. (34)
4.18	- Copyright Security Agreement dated as of March 30, 2018 by and between Cinedigm Home Entertainment, LLC and East West Bank. (34)
4.19	- Copyright Security Agreement dated as of March 30, 2018 by and between Cinedigm Entertainment Corp. and East West Bank. (34)
4.20	- Copyright Security Agreement dated as of March 30, 2018 by and between Vistachiara Productions, Inc. and East West Bank. (34)
4.21	- Patent Security Agreement dated as of March 30, 2018 by and between the Company and East West Bank. (34)
4.22	- Description of Securities*
4.23	- Convertible Subordinated Promissory Note dated July 12, 2019. (40)
4.23.1	- Letter Amendment dated April 15, 2020 by and between Bison Global Investment SPC for and on behalf of Global Investment SPC- Bison Global No. 1 SP and Cinedigm Corp. (47)

Exhibit Number	Description of Document
4.24	- Trademark Security Agreement dated as of July 3, 2019 by and between Comic Blitz II LLC and East West Bank. (40)
10.1	- Second Lien Loan Agreement, dated as of July 14, 2016, among the Company, the lenders party thereto and Cortland Capital Market Services LLC, as Administrative and Collateral Agent. (24)
10.1.1	- First Amendment to Second Lien Loan Agreement, dated as of August 4, 2016, among the Company, the lender party thereto and Cortland Capital Market Services Inc. as Administrative and Collateral Agent. (23)
10.1.2	- Second Amendment to Second Lien Loan Agreement, dated as of October 7, 2016, among the Company, the lenders party thereto and Cortland Capital Market Services LLC, as Administrative and Collateral Agent. (20)
10.1.3	- Third Amendment to Second Lien Loan Agreement, dated as of March 31, 2017, among the Company, the lenders party thereto and Cortland Capital Market Services Inc. as Administrative and Collateral Agent. (28)
10.1.4	- Consent dated June 28, 2019 to Second Lien Loan Agreement among the Company, the lenders party thereto and Cortland Capital Market Services Inc. as Administrative and Collateral Agent. (40)
10.1.5	- Consent dated June 26, 2020 to Second Lien Loan Agreement among the Company, the lenders party thereto and Cortland Capital Market Services Inc. as Administrative and Collateral Agent*.
10.2†	- Second Amended and Restated 2000 Equity Incentive Plan of the Company. (3)
10.2.1†	- Amendment dated May 9, 2008 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (5)
10.2.2†	- Form of Notice of Restricted Stock Award. (3)
10.2.3†	- Form of Non-Statutory Stock Option Agreement. (4)
10.2.4†	- Form of Restricted Stock Unit Agreement (employees). (5)
10.2.5†	- Form of Stock Option Agreement. (2)
10.2.6†	- Form of Restricted Stock Unit Agreement (directors). (5)
10.2.7†	- Amendment No. 2 dated September 4, 2008 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (6)
10.2.8†	- Amendment No. 3 dated September 30, 2009 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (8)
10.2.9†	- Amendment No. 4 dated September 14, 2010 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (12)
10.2.10†	- Amendment No. 5 dated April 20, 2012 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (13)
10.2.11†	- Amendment No. 6 dated September 12, 2012 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (15)
10.2.12†	- Amendment No. 7 dated September 16, 2014 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (18)
10.2.13†	- Amendment No. 8 dated September 8, 2016 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (21)
10.2.14†	- Amendment No. 9 dated September 27, 2016 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (22)
10.3†	- Cinedigm Corp. Management Incentive Award Plan. (9)
10.4†	- Form of Indemnification Agreement for non-employee directors. (10)
10.5†	- 2017 Equity Incentive Plan of the Company. (29)
10.5.1†	- Form of Notice of Incentive Stock Option Grant. (30)
10.5.2†	- Form of Notice of Option Grant. (30)
10.5.3†	- Form of Notice of Restricted Stock Award. (30)
10.5.4†	- Form of Notice of Restricted Stock Unit Award. (30)
10.5.5†	- Form of Notice of Performance-Based Restricted Stock Award. (32)

Exhibit Number	Description of Document
10.5.6†	- Form of Notice of Stock Appreciation Right Grant (revised). (36)
10.5.7†	Amendment No. 1 to the 2017 Equity Incentive Plan. (46)
10.6	- Registration Rights Agreement, dated as of August 4, 2016, among the Company and the holders party thereto. (23)
10.7	- Term Loan Agreement, dated as of February 28, 2013, by and among Cinedigm DC Holdings, LLC, Access Digital Media, Inc., Access Digital Cinema Phase 2, Corp., the Guarantors party thereto, the Lenders party thereto and Prospect Capital Corporation as Administrative Agent and Collateral Agent. (16) (Confidential treatment granted under Rule 24b-2 as to certain portions which are omitted and filed separately with the SEC.)
10.8	- Term Loan Agreement, dated as of July 20, 2018, by and between the Company and Bison Global Investment SPC for and on behalf of Global Investment SPC-Bison Global No. 1 SP. (38)
10.8.1	- Loan Termination Agreement dated as of July 12, 2019 between Cinedigm Corp. and Bison Global Investment SPC for and on behalf of Global Investment SPC-Bison Global No. 1. (40)
10.9	- Side Letter dated as of July 20, 2018 between the Company and Bison Entertainment and Media Group (38)
10.10	- Strategic Advisor Agreement between Cinedigm Corp. and Ronald L. Chez dated as of April 3, 2017. (27)
10.11	- Lease for 45 W. 36th Street, New York, NY, dated as of April 10, 2017 between 45 West 36th Street LLC and Cinedigm Corp., together with Sublease for 45 W. 36th Street, New York, NY, dated as of April 10, 2017 between NTT Data, Inc. and Cinedigm Corp. (28)
10.12	- Lease for 15301 Ventura Boulevard, Sherman Oaks, CA, dated as of January 4, 2017 between Douglas Emmett 2016 and Cinedigm Corp. (28)
10.13†	- Amended and Restated Employment Agreement between Cinedigm Digital Cinema Corp. and Christopher J. McGurk dated as of August 22, 2013. (17)
10.13.1†	- Amendment to Amended and Restated Employment Agreement between Cinedigm Corp. and Christopher J. McGurk dated as of January 4, 2017. (25)
10.13.2†	- Amendment No. 2 to Amended and Restated Employment Agreement between Cinedigm Corp. and Christopher J. McGurk dated as of June 7, 2018. (35)
10.14†	- Stock Option Agreement between Cinedigm Digital Cinema Corp. and Christopher J. McGurk dated as of December 23, 2010. (11)
10.15	- Multipart Agreement, dated as of October 18, 2011, among Cinedigm Digital Funding 2, LLC, as Borrower, Access Digital Cinema Phase 2, Corp., CDF2 Holdings, LLC, Cinedigm Digital Cinema Corp., CHG-MERIDIAN U.S. Finance, Ltd., Société Générale, New York Branch, as Senior Administrative Agent and Ballantyne Strong, Inc., as Approved Vendor. (14)
10.16	- Master Equipment Lease No. 8463, effective as of October 18, 2011, by and between CHG- MERIDIAN U.S. Finance, Ltd. And CDF2 Holdings, LLC. (14)
10.17	- Master Equipment Lease No. 8465, effective as of October 18, 2011, by and between CHG-MERIDIAN U.S. Finance, Ltd. And CDF2 Holdings, LLC. (14)
10.18	- Sale and Leaseback Agreement, dated as of October 18, 2011, by and between CDF2 Holdings, LLC and CHG-MERIDIAN U.S. Finance, Ltd. (14)
10.19	- Registration Rights Agreement, dated as of November 1, 2017, between the Company and the purchasers listed on Schedule I therein. (31)
10.20	- Form of Voting Agreement. (31)
10.21	- Loan, Security and Guaranty Agreement, dated as of March 30, 2018, by and between the Company, East West Bank and the Guarantors named therein. (34)
10.21.1	- Amendment No. 2 to Loan, Guaranty and Security Agreement dated as of July 3, 2019 by and between the Company, East West Bank and the Guarantors named therein. (40)
10.21.2	Amendment No. 3 to Loan, Guaranty and Security Agreement dated as of July 31, 2019 by and among the Company, East West Bank and the Guarantors named therein. (44)
10.21.3	Amendment No. 4 to Loan, Guaranty and Security Agreement dated as of June 25, 2020 by and between the Company, East West Bank and the Guarantors named therein.*
10.22†	- Employment Agreement between Cinedigm Corp. and Gary S. Loffredo dated as of October 13, 2013. (39)

Exhibit Number	Description of Document
10.22.1†	- Letter of Promotion between Cinedigm Corp. and Gary S. Loffredo dated as of February 28, 2019. (41)
10.23†	- Employment Agreement between Cinedigm Corp. and Erick Opeka dated as of September 15, 2018. (41)
10.24	- Stock Purchase Agreement dated as of July 9, 2019 between Cinedigm Corp. and Bison Entertainment and Media Group. (40)
10.25	- Support Letter dated July 10, 2019 from Bison Entertainment and Media Group. (41)
10.26	Stock Purchase Agreement dated as of August 2, 2019 between Cinedigm Corp. and Bison Entertainment and Media Group. (43)
10.27	Stock Purchase Agreement, dated as of December 27, 2019, by and among Cinedigm Corp., BeiTai Investment LP and Aim Right Ventures Limited. (42)
10.27.1	Amendment No. 1, dated February 14, 2020, to Stock Purchase Agreement among Cinedigm Corp., BeiTai Investment LP and Aim Right Ventures Limited. (42)
10.28	Stock Purchase Agreement dated April 10, 2020, among Cinedigm Corp., Bison Global Investment SPC - Bison Global No. 1 SP, Huatai Investment LP, Antai Investment LP, Mingtai Investment LP and Shangtai Asset Management LP (47)
10.29	Securities Purchase Agreement dated May 20, 2020. (48)
10.30	Support Letter dated June 29, 2020 from Bison Entertainment and Media Group.*
10.31	Exchange Agreement dated as of June 24, 2020 among Cinedigm Corp. and BlueMountain Global Volatility Master Fund L.P., BlueMountain Logan Opportunities Master Fund L.P., Blue Mountain Credit Alternatives Master Fund L.P., BlueMountain Monteners Master Fund SCA SICAV-SIF, and BlueMountain Foinaven Master Fund L.P. (49)
21.1	- List of Subsidiaries.*
23.1	- Consent of EisnerAmper LLP.*
24.1	- Powers of Attorney.* (Contained on signature page)
31.1	- Officer's Certificate Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	- Officer's Certificate Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	- Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	- Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith.

† Management compensatory arrangement.

Documents Incorporated Herein by Reference:

- (1) Previously filed with the Securities and Exchange Commission on November 4, 2003 as an exhibit to the Company's Amendment No. 3 to Registration Statement on Form SB-2 (File No. 333-107711).
- (2) Previously filed with the Securities and Exchange Commission on April 25, 2005 as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-124290).
- (3) Previously filed with the Securities and Exchange Commission on September 24, 2007 as an exhibit to the Company's Form 8-K (File No. 000-51910).
- (4) Previously filed with the Securities and Exchange Commission on April 3, 2008 as an exhibit to the Company's Form 8-K (File No. 000-51910).
- (5) Previously filed with the Securities and Exchange Commission on May 14, 2008 as an exhibit to the Company's Form 8-K (File No. 000-51910).
- (6) Previously filed with the Securities and Exchange Commission on September 10, 2008 as an exhibit to the Company's Form 8-K (File No. 000-51910).
- (7) Previously filed with the Securities and Exchange Commission on February 9, 2009 as an exhibit to the Company's Form 8-K (File No. 000-51910).

- (8) Previously filed with the Securities and Exchange Commission on October 6, 2009 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (9) Previously filed with the Securities and Exchange Commission on October 27, 2009 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (10) Previously filed with the Securities and Exchange Commission on September 21, 2009 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (11) Previously filed with the Securities and Exchange Commission on January 3, 2011 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (12) Previously filed with the Securities and Exchange Commission on September 16, 2010 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (13) Previously filed with the Securities and Exchange Commission on April 24, 2012 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (14) Previously filed with the Securities and Exchange Commission on October 24, 2011 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (15) Previously filed with the Securities and Exchange Commission on September 14, 2012 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (16) Previously filed with the Securities and Exchange Commission on March 4, 2013 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (17) Previously filed with the Securities and Exchange Commission on August 28, 2013 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (18) Previously filed with the Securities and Exchange Commission on September 17, 2014 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (19) Previously filed with the Securities and Exchange Commission on August 12, 2015 as an exhibit to the Company's Form 10-Q for the quarter ended June 30, 2015 (File No. 001-31810).
- (20) Previously filed with the Securities and Exchange Commission on November 7, 2016 as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-214486).
- (21) Previously filed with the Securities and Exchange Commission on September 8, 2016 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (22) Previously filed with the Securities and Exchange Commission on September 28, 2016 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (23) Previously filed with the Securities and Exchange Commission on August 15, 2016 as an exhibit to the Company's Form 10-Q (File No. 001-31810).
- (24) Previously filed with the Securities and Exchange Commission on July 19, 2016 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (25) Previously filed with the Securities and Exchange Commission on January 10, 2017 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (26) Previously filed with the Securities and Exchange Commission on December 23, 2016 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (27) Previously filed with the Securities and Exchange Commission on April 7, 2017 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (28) Previously filed with the Securities and Exchange Commission on June 29, 2017 as an exhibit to the Company's Form 10-K (File No. 001-31810).
- (29) Previously filed with the Securities and Exchange Commission on September 1, 2017 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (30) Previously filed with the Securities and Exchange Commission on October 2, 2017 as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-220773).
- (31) Previously filed with the Securities and Exchange Commission on November 6, 2017 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (32) Previously filed with the Securities and Exchange Commission on November 16, 2017 as an exhibit to the Company's Form 10-Q (File No. 001-31810).
- (33) Previously filed with the Securities and Exchange Commission on January 2, 2018 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (34) Previously filed with the Securities and Exchange Commission on April 4, 2018 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (35) Previously filed with the Securities and Exchange Commission on June 11, 2018 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (36) Previously filed with the Securities and Exchange Commission on December 7, 2018 as an exhibit to the Company's Form 8-K (File No. 001-31810).

- (37) Previously filed with the Securities and Exchange Commission on October 12, 2018 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (38) Previously filed with the Securities and Exchange Commission on November 14, 2018 as an exhibit to the Company's Form 10-Q (File No. 001-31810).
- (39) Previously filed with the Securities and Exchange Commission on October 17, 2013 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (40) Previously filed with the Securities and Exchange Commission on July 15, 2019 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (41) Previously filed with the Securities and Exchange Commission on July 16, 2020 as an exhibit to the Company's Form 10-K (File No. 001-31810).
- (42) Previously filed with the Securities and Exchange Commission on February 14, 2020 as an exhibit to the Company's Form 10-Q (File No. 001-31810).
- (43) Previously filed with the Securities and Exchange Commission on August 8, 2019 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (44) Previously filed with the Securities and Exchange Commission on August 26, 2019 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (45) Previously filed with the Securities and Exchange Commission on November 14, 2019 as an exhibit to the Company's Form 10-Q (File No. 001-31810).
- (46) Previously filed with the Securities and Exchange Commission on December 5, 2019 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (47) Previously filed with the Securities and Exchange Commission on April 16, 2020 as an exhibit to the Company's Form 8-K (File No. 001-31810).
- (48) Previously filed with the Securities and Exchange Commission on May 21, 2020 as an exhibit to the Company's Form 8-K (49) Previously filed with the Securities and Exchange Commission on June 26, 2020 as an exhibit to the Company's Form 8-K (File No. 001-31810).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CINEDIGM CORP.

Date: July 2, 2020 By: /s/ Christopher J. McGurk
Christopher J. McGurk
Chief Executive Officer and Chairman of the Board of Directors
(Principal Executive Officer)

Date: July 2, 2020 By: /s/ Gary Loffredo
Chief Operating Officer, President Digital Cinema, General Counsel and Secretary (Principal
Financial Officer)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Christopher J. McGurk and Gary S. Loffredo, and each of them individually, his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments to this Report together with all schedules and exhibits thereto, (ii) act on, sign and file with the Securities and Exchange Commission any and all exhibits to this Report and any and all exhibits and schedules thereto, (iii) act on, sign and file any and all such certificates, notices, communications, reports, instruments, agreements and other documents as may be necessary or appropriate in connection therewith and (iv) take any and all such actions which may be necessary or appropriate in connection therewith, granting unto such agents, proxies and attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he or she might or could do in person, and hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact, any of them or any of his, her or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE(S)	TITLE(S)	DATE
<u>/s/ Christopher J. McGurk</u> Christopher J. McGurk	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	<u>July 2, 2020</u>
<u>/s/ Gary S. Loffredo</u> Gary Loffredo	Chief Operating Officer, President Digital Cinema, General Counsel and Secretary (Principal Financial Officer and Principal Accounting Officer)	<u>July 2, 2020</u>
<u>/s/ Peter C. Brown</u> Peter C. Brown	Director	<u>July 2, 2020</u>
<u>/s/ Patrick O'Brien</u> Patrick O'Brien	Director	<u>July 2, 2020</u>
<u>/s/ Zvi Rhine</u> Zvi Rhine	Director	<u>July 2, 2020</u>
<u>/s/ Peixin Xu</u> Peixin Xu	Director	<u>July 2, 2020</u>
<u>/s/ Tom Bu</u> Tom Bu	Director	<u>July 2, 2020</u>

DESCRIPTION OF SECURITIES

Authorized and Outstanding Capital Stock

The following description of our common stock and provisions of our certificate of incorporation and bylaws are summaries and are qualified by reference to our certificate of incorporation and bylaws, which have been incorporated by reference as exhibits to the Annual Report on Form 10-K to which this Description of Securities is an exhibit.

Our authorized capital stock consists of 150,000,000 shares of Class A common stock, par value \$0.001 per share, and 15,000,000 shares of preferred stock, par value \$0.001 per share, of which 20 shares are authorized as Series A 10% Non-Voting Cumulative Preferred Stock (the "Series A Preferred Stock").

As of March 31, 2020, there were 61,937,593 shares of Class A common stock outstanding, and 7 shares of Series A Preferred Stock were outstanding.

Description of Common Stock

Voting Rights. Holders of Class A common stock are entitled to one vote per share on all matters submitted to a vote of our stockholders.

Holders of a majority of our outstanding shares of Class A common stock present or represented by proxy at any meeting of our stockholders constitute a quorum.

Dividends; Liquidation; Preemptive Rights. Holders of Class A common stock are entitled to receive dividends only if, as and when declared by our board of directors out of funds legally available for that purpose. In the event of our liquidation, dissolution or winding-up, holders of Class A common stock are entitled, subject to any priorities due to any holders of our preferred stock, ratably to share in all assets remaining after payment of our liabilities. Holders of Class A common stock have no preemptive rights nor any other rights to subscribe for shares or securities convertible into or exchangeable for shares of Class A common stock.

Our Class A common stock is traded on Nasdaq under the symbol "CIDM."

Description of Warrants

The following table presents information on outstanding warrants to purchase shares of our Class A common stock as of March 31, 2020. All of the outstanding warrants are fully vested and exercisable.

	Amount Outstanding	Expiration	Exercise Price Per Share
Warrants issued to a strategic management service provider	35,000	July 2021	\$17.30
	17,500	July 2021	\$30.00
Warrants issued in connection with second lien loans	102,290	July 2023	\$1.31
	115,603	July 2023	\$1.45
Warrants issued in connection with exchanges of convertible notes	223,449	December 2021	\$1.37
Warrants issued in connection with a term loan agreement	1,400,000	December 2022	\$1.80

All of such warrants provide for adjustment upon a stock split, stock dividend, or stock reclassification. The warrants expiring in July 2023 and December 2021 provide for customary anti-dilution rights.

Preferred Stock

Our Board of Directors is authorized, subject to any limitations prescribed by law, without further stockholder approval, to issue from time to time up to an aggregate of 15,000,000 shares of our preferred stock, in one or more series. The Series A Preferred Stock may be redeemed by the Company at any time after the second anniversary of the date such shares were issued in cash or, at the Company's option if certain conditions are met, in shares of Class A common stock. The holders of Series A Preferred Stock are entitled to receive cumulative dividends from the date of issuance at an annual rate of 10% of the original issue price. Such dividends shall be payable in arrears in cash or, at the Company's option, in shares of Class A common stock if certain conditions are met, quarterly on the last day of each calendar quarter, until such shares of Preferred Stock are redeemed.

Each other series of preferred stock to be issued, if any, will have such number of shares, designations, preferences, powers and qualifications and special or relative rights or privileges as will be determined by our board of directors, which may include, among others, dividend rights, voting rights, redemption and sinking fund provisions, liquidation preferences, conversion rights and preemptive rights. The rights of the holders of our common stock will be subject to the rights of holders of any preferred stock outstanding and issued in the future. The issuance of preferred stock, while providing desirable flexibility in connection with the possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a majority of our outstanding voting stock.

Anti-Takeover Effects of Delaware Law; Our Certificate of Incorporation and Our Bylaws

Delaware law, our certificate of incorporation and our bylaws contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are intended to discourage coercive takeover practices and inadequate takeover

bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our Board.

No Cumulative Voting. Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our Fifth Amended and Restated Certificate of Incorporation does not grant shareholders the right to vote cumulatively.

Blank Check Preferred Stock. We believe that the availability of the preferred stock under our Fifth Amended and Restated Certificate of Incorporation provides us with flexibility in addressing corporate issues that may arise. Having these authorized shares available for issuance will allow us to issue shares of preferred stock without the expense and delay of a special stockholders' meeting. The authorized shares of preferred stock, as well as shares of Class A common stock, will be available for issuance without further action by our stockholders, with the exception of any actions required by applicable law or the rules of any stock exchange on which our securities may be listed. Our Board of Directors will have the power, subject to applicable law, to issue classes or series of preferred stock that could, depending on the terms of the class or series, impede the completion of a merger, tender offer or other takeover attempt.

Stockholder Action by Written Consent. Our Fifth Amended and Restated Certificate of Incorporation provides that any action required or permitted to be taken at any annual or special meeting of our stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, are signed by the holders of outstanding capital stock of having not less than the minimum number of votes necessary to authorize such action at a meeting at which all shares of capital stock entitled to vote thereon were present and voted.

DESCRIPTION OF SECURITIES

Authorized and Outstanding Capital Stock

The following description of our common stock and provisions of our certificate of incorporation and bylaws are summaries and are qualified by reference to our certificate of incorporation and bylaws, which have been incorporated by reference as exhibits to the Annual Report on Form 10-K to which this Description of Securities is an exhibit.

Our authorized capital stock consists of 150,000,000 shares of Class A common stock, par value \$0.001 per share, and 15,000,000 shares of preferred stock, par value \$0.001 per share, of which 20 shares are authorized as Series A 10% Non-Voting Cumulative Preferred Stock (the "Series A Preferred Stock").

As of March 31, 2020, there were 61,937,593 shares of Class A common stock outstanding, and 7 shares of Series A Preferred Stock were outstanding.

Description of Common Stock

Voting Rights. Holders of Class A common stock are entitled to one vote per share on all matters submitted to a vote of our stockholders.

Holders of a majority of our outstanding shares of Class A common stock present or represented by proxy at any meeting of our stockholders constitute a quorum.

Dividends; Liquidation; Preemptive Rights. Holders of Class A common stock are entitled to receive dividends only if, as and when declared by our board of directors out of funds legally available for that purpose. In the event of our liquidation, dissolution or winding-up, holders of Class A common stock are entitled, subject to any priorities due to any holders of our preferred stock, ratably to share in all assets remaining after payment of our liabilities. Holders of Class A common stock have no preemptive rights nor any other rights to subscribe for shares or securities convertible into or exchangeable for shares of Class A common stock.

Our Class A common stock is traded on Nasdaq under the symbol "CIDM."

Description of Warrants

The following table presents information on outstanding warrants to purchase shares of our Class A common stock as of March 31, 2020. All of the outstanding warrants are fully vested and exercisable.

	Amount Outstanding	Expiration	Exercise Price Per Share
Warrants issued to a strategic management service provider	35,000	July 2021	\$17.30
	17,500	July 2021	\$30.00
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All of such warrants provide for adjustment upon a stock split, stock dividend, or stock reclassification. The warrants expiring in July 2023 and December 2021 provide for customary anti-dilution rights.

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Each other series of preferred stock to be issued, if any, will have such number of shares, designations, preferences, powers and qualifications and special or relative rights or privileges as will be determined by our board of directors, which may include, among others, dividend rights, voting rights, redemption and sinking fund provisions, liquidation preferences, conversion rights and preemptive rights. The rights of the holders of our common stock will be subject to the rights of holders of any preferred stock outstanding and issued in the future. The issuance of preferred stock, while providing desirable flexibility in connection with the possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a majority of our outstanding voting stock.

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Delaware law, our certificate of incorporation and our bylaws contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are intended to discourage coercive takeover practices and inadequate takeover

bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our Board.

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Blank Check Preferred Stock. We believe that the availability of the preferred stock under our Fifth Amended and Restated Certificate of Incorporation provides us with flexibility in addressing corporate issues that may arise. Having these authorized shares available for issuance will allow us to issue shares of preferred stock without the expense and delay of a special stockholders' meeting. The authorized shares of preferred stock, as well as shares of Class A common stock, will be available for issuance without further action by our stockholders, with the exception of any actions required by applicable law or the rules of any stock exchange on which our securities may be listed. Our Board of Directors will have the power, subject to applicable law, to issue classes or series of preferred stock that could, depending on the terms of the class or series, impede the completion of a merger, tender offer or other takeover attempt.

Stockholder Action by Written Consent. Our Fifth Amended and Restated Certificate of Incorporation provides that any action required or permitted to be taken at any annual or special meeting of our stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, are signed by the holders of outstanding capital stock of having not less than the minimum number of votes necessary to authorize such action at a meeting at which all shares of capital stock entitled to vote thereon were present and voted.

Bison Entertainment and Media Group
Unit 1501-2 15F Sino Plaza
255 Gloucester Road, Causeway Bay
Hong Kong F-4

June 29, 2020

Cinedigm Corp.
45 W. 36th St
7th Floor
New York, New York 10018

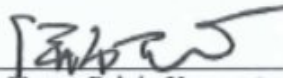
Bison Entertainment and Media Group ("Bison"), together with its affiliates, is a majority shareholder of the outstanding Class A common stock of Cinedigm Corp. (the "Company"). Bison is providing this letter in connection with your audit of the consolidated financial statements as and for the year ended March 31, 2020.

We affirm, as of the date of this letter, that Bison, in its capacity as majority shareholder, will continue to provide financial support to the Company, if necessary, for any operating cash shortfalls until July 2021.

Sincerely,

BISON ENTERTAINMENT AND MEDIA GROUP

By: _____



Name: Peixin Xu

Title: Director

June 26, 2020

CONSENT

BY ELECTRONIC TRANSMISSION

Cinedigm Corp.
45 West 36th Street, 7th Floor
New York, NY 10018
Ladies and Gentlemen:

We refer to the Second Lien Loan Agreement, dated as of July 14, 2016 (as amended, amended and restated, supplemented or otherwise modified before the date hereof, the “Second Lien Loan Agreement”), among Cinedigm Corp. (the “Borrower”), certain Lenders, and Cortland Capital Market Services LLC, as Agent. Capitalized terms used and not defined herein shall have the meanings assigned thereto in the Second Lien Loan Agreement.

We request an amendment to the Second Lien Loan Agreement and the related Loan Documents pursuant to which the Maturity Date thereunder would be extended to September 30, 2020. In addition, at the Borrower’s discretion, (a) if payment in full under the Second Lien Loan Agreement is not made by or on September 30, 2020, the Maturity Date may be extended to March 31, 2021 for an aggregate consent fee of \$50,000 to the Lenders payable on October 1, 2020, and (b) if payment in full under the Second Lien Loan Agreement is not made by or on March 31, 2021, the Maturity Date may be extended to June 30, 2021 for an additional aggregate consent fee of \$100,000 to the Lenders payable on April 1, 2021 (the “Extension Options”).

Upon payment by Borrower of an aggregate consent fee of \$100,000 to the Lenders, Lenders hereby agree that the definition of “Maturity Date” in the Second Lien Loan Agreement shall mean “September 30, 2020” and the Extension Options shall be effective.

This letter agreement is a Loan Document. On and after the date hereof, each reference in the Loan Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import referring to the Loan Agreement, and each reference in the other Loan Documents to the “Loan Agreement”, “thereunder”, “thereof” or words of like import referring to the Loan Agreement shall mean and be a reference to the Loan Agreement as amended by this letter agreement.

[signature page follows]

Sincerely yours,

CORTLAND CAPITAL MARKET SERVICES LLC, as Agent

By: /s/ Matthew Trybula
Name: Matthew Trybula
Title: Associate Counsel

AGREED AND ACKNOWLEDGED:

CINEDIGM CORP.

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

ADM CINEMA CORPORATION

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

VISTACHIARA PRODUCTIONS, INC.

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

VISTACHIARA ENTERTAINMENT, INC.

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

CINEDIGM ENTERTAINMENT CORP.

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

CINEDIGM ENTERTAINMENT HOLDINGS, LLC

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

CINEDIGM HOME ENTERTAINMENT, LLC

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

DOCURAMA, LLC

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

DOVE FAMILY CHANNEL, LLC

By /s/ Gary S. Loffredo

Name: Gary S. Loffredo
Title: General Counsel

CINEDIGM OTT HOLDINGS, LLC

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

CINEDIGM PRODUCTIONS, LLC

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

PATRICK O'BRIEN IRA

By: /s/ Patrick O'Brien
Name: Patrick O'Brien
Title: Beneficiary of the Patrick O'Brien, IRA

CHRIS AND JAMIE MCGURK LIVING TRUST

By: /s/ Christopher J. McGurk
Name: Christopher J. McGurk
Title: Trustee

UVE Partners LLC

By: /s/ Gary Simon
Name: Gary Simon
Title: Managing Member

Hudson Asset Partners LC

By: /s/ Gary Simon
Name: Gary Simon
Title: Manager

Hedy Kleinman Marital Trust

By: /s/ Gary Simon
Name: Gary Simon
Title: Trustee

Lotus Investors LLC

By: /s/ Gary Simon
Name: Gary Simon
Title: Managing Member

HACKETT FAMILY TRUST

By: /s/ Terry C. Hackett
Name: Terry C. Hackett

Title: Trustee

WOLVERINE FLAGSHIP FUND TRADING
LIMITED, as a Lender

By: /s/ Kenneth L. Nadel
Name: Kenneth L. Nadel
Title: Authorized Signatory

June 26, 2020

CONSENT

BY ELECTRONIC TRANSMISSION

Cinedigm Corp.
45 West 36th Street, 7th Floor
New York, NY 10018

Ladies and Gentlemen:

We refer to the Second Lien Loan Agreement, dated as of July 14, 2016 (as amended, amended and restated, supplemented or otherwise modified before the date hereof, the "Loan Agreement"), among Cinedigm Corp. (the "Borrower"), certain Lenders, and Cortland Capital Market Services LLC, as Agent. Capitalized terms used and not defined herein shall have the meanings assigned thereto in the Loan Agreement.

Borrower requests an amendment to the Second Lien Loan Agreement and the related Loan Documents pursuant to which the Maturity Date thereunder would be extended to September 30, 2020 for an aggregate consent fee of \$100,000 to the Lenders. In addition, at the Borrower's discretion, (a) if payment in full under the Second Lien Loan Agreement is not made by or on September 30, 2020, the Maturity Date may be extended to March 31, 2021 for an aggregate consent fee of \$50,000 to the Lenders payable on October 1, 2020, and (b) if payment in full under the Second Lien Loan Agreement is not made by or on March 31, 2021, the Maturity Date may be extended to June 30, 2021 for an additional aggregate consent fee of \$100,000 to the Lenders payable on April 1, 2021 (the "Extension Options").

The Borrower owns certain ordinary shares of Starrise Media Holdings Limited (the "Starrise Shares"). The Starrise Shares are useful to the Borrower in the ordinary course of business, including to pay trade debt and other expenses and to sell for cash from time to time.

Under Section 6.4 of the Second Lien Loan Agreement, generally, the borrower may not sell, lease, charter, convey, transfer or otherwise dispose of any of its assets or property, with certain exceptions. The use of the Starrise Shares in connection with the Loan Agreement, and for other uses as described above, would violate Section 6.4 of the Second Lien Loan Agreement, and therefore constitute an Event of Default under Section 7.1(c) of the Second Lien Loan Agreement, unless waived or consented to by the Required Lenders (or by the Administrative Agent with the consent of the Required Lenders).

Lenders hereby:

1. Consent to the sale and/or transfer of 15,000,000 Starrise Shares for the payment of accounts payable to certain trade vendors and for general corporate purposes of the Borrower in the ordinary course of business.
2. Consent to extend the definition of "Maturity Date" in the Second Lien Loan Agreement shall mean "September 30, 2020" and the Extension Options.

This letter agreement is a Loan Document. On and after the date hereof, each reference in the Second Lien Loan Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import referring to the Second Lien Loan Agreement, and each reference in the other Loan Documents to the “Loan Agreement”, “thereunder”, “thereof” or words of like import referring to the Loan Agreement shall mean and be a reference to the Second Lien Loan Agreement as amended by this letter agreement.

[Signatures follow on the next page.]

Sincerely yours,

CORTLAND CAPITAL MARKET SERVICES LLC, as Agent

By: /s/ Matthew Trybula
Name: Matthew Trybula
Title: Associate Counsel

AGREED AND ACKNOWLEDGED:

CINEDIGM CORP.

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

ADM CINEMA CORPORATION

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

VISTACHIARA PRODUCTIONS, INC.

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

VISTACHIARA ENTERTAINMENT, INC.

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

CINEDIGM ENTERTAINMENT CORP.

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

CINEDIGM ENTERTAINMENT HOLDINGS, LLC

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

CINEDIGM HOME ENTERTAINMENT, LLC

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

DOCURAMA, LLC

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

DOVE FAMILY CHANNEL, LLC

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

CINEDIGM OTT HOLDINGS, LLC

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

CINEDIGM PRODUCTIONS, LLC

By /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: General Counsel

RONALD L. CHEZ IRA

By: /s/ Ronald L. Chez
Name:
Title:

AMENDMENT NO. 4 TO LOAN, GUARANTY AND SECURITY AGREEMENT

This Amendment No. 4 to Loan, Guaranty and Security Agreement (this "Amendment") is entered into as of this 25 day of June, 2020, by and among Cinedigm Corp. ("Borrower"), the other Loan Parties set forth on the signature pages hereto (together with Borrower, collectively "Loan Parties") and East West Bank ("Lender").

RECITALS

WHEREAS, Loan Parties and Lender are parties to that certain Loan, Guaranty and Security Agreement dated as of March 30, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement") pursuant to which Lender provides Borrower with certain financial accommodations.

WHEREAS, the Borrower has requested and Lender has agreed to waive certain provisions of the Loan Agreement and amend the Loan Agreement as provided herein, in each case, subject to the terms and conditions of this Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the continued performance by each of the parties hereto of their respective promises and obligations under the Loan Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Loan Agreement.

2. Waiver. Effective upon the Fourth Amendment Effective Date (as defined in Section 4 below), Lender hereby waives any and all Events of Default (a) under Section 9.1(a) and Section 11.2(b) of the Loan Agreement arising from a failure to deliver company prepared consolidated and consolidating financial statements of Borrower and its consolidated Subsidiaries for the fiscal year ending on 3/31/20 and on 4/30/2020 and (b) under Section 9.1(b) (i) and Section 11.2(b) of the Loan Agreement for months ending 7/31/19, 8/31/19, 9/30/19, 10/31/19, 11/30/19, 12/31/19, 1/31/20, 2/29/20, and 3/31/20 arising from a failure to deliver full borrowing base packages including screen shots as required, (ii) failure to timely deliver backup documentation of 5/31/20, and (iii) failure to deliver Borrowing Base Certificates on 4/17/20 and 5/17/20. Borrower and the other Loan Parties hereby acknowledge and agree that the foregoing waiver is limited specifically to the matters expressly set forth herein and does not constitute, directly or indirectly or by implication, a waiver of any other provision of the Loan Agreement or any other document executed in connection therewith or of any other default or Event Of Default which may have occurred under such documents. Except as expressly set forth herein, this waiver shall in no way be construed to waive or be an estoppel to any past, current or future violations of the Agreement.

1. Amendments to Loan Agreement. Subject to satisfaction of the conditions precedent set forth in Section 4 below, the Loan Agreement is hereby amended as follows:

Section 4.4 will be amended and restated in its entirety as follows:

"4.4 Collection Account. Borrower shall maintain deposit account number [] with the Bank (the "Collection Account"). Promptly after the Closing Date, the Borrower shall cause each Loan Party to (a) instruct all payments with respect to Accounts due to such Loan Party to made directly to the Collection Account and (b) use commercially reasonable efforts to cause all such payments to be made by the relevant Account debtors directly to the Collection Account (and if any such payments are received other than through a direct payment to the Collection Account, Cinedigm shall cause such payment to be transferred to the Collection Account within two Business Days of receipt). Unless an Event of Default has occurred and is continuing, at 5:00 PM Pacific time each Business Day, if any Obligations remain outstanding, the Bank shall apply all amounts then on deposit in the Collection Account to the payment of such Obligations as Borrower specifies. Upon the occurrence and during the continuance of an Event of Default, all amounts in the Collection Account shall, in Bank's sole discretion, be applied to the payment of any Obligations, whether then due or not, in such order or at such time of application as Bank may determine in its sole discretion and no amounts shall be swept to other accounts unless the Bank agrees in writing to such a sweep in its sole discretion. Except to the extent (but only to the extent) caused by the Bank's gross negligence or willful misconduct, Bank shall not be liable for any loss or damage which Borrower may suffer as a result of Bank's processing of items or its exercise of any other rights or remedies under this Agreement, including without limitation indirect, special or consequential damages, loss of revenues or profits, or any claim, demand or action by any third party arising out of or in connection with the processing of items or the exercise of any other rights or remedies under this Agreement. Borrower shall indemnify and hold Bank harmless from and against all such third party claims, demands or actions, and all related expenses or liabilities, including, without limitation, attorney's fees and including claims, damages, fines, expenses, liabilities or causes of action of whatever kind resulting from Bank's own negligence except to the extent (but only to the extent) caused by Bank's gross negligence or willful misconduct."

Section 9.1(b) will be amended and restated in its entirety as follows:

“(b) Borrower shall deliver to Bank a Borrowing Base Certificate signed by a Responsible Officer in substantially the form of Exhibit D hereto, not later than (i) the twentieth (20th) day of each calendar month, which Borrowing Base Certificate shall set forth information as of the end of the immediately preceding month and (ii) the last day of each calendar month, which Borrowing Base Certificate shall set forth information as of the end of the immediately preceding month except that information with respect to each Eligible Digital Transactional Receivable having a balance in excess of \$100,000 for which Borrower has updated information shall be updated as of the close of business on the Friday immediately preceding the date of such Borrowing Base Certificate, in each case together with aged listings by invoice date of accounts receivable and accounts payable and any evidence or indication (including screenshots) of payments to be made during the immediately succeeding calendar month. For the avoidance of doubt, the parties recognize that the Loan Parties do not generally receive updated information regarding Eligible Digital Transactional Receivables from Pluto, Inc. or Roku, Inc. other than at the end of each calendar month.”

Exhibit A to the Loan Agreement shall be amended to amend and restate the following definition in its entirety:

“Revolving Maturity Date” means June 30, 2021.

Exhibit G shall be amended and restated in its entirety in the form attached hereto as Exhibit G.

2. Conditions Precedent to Effectiveness. This Amendment shall become effective upon the satisfaction of each of the following conditions (such date the “Fourth Amendment Effective Date”):

- (a) Lender’s receipt of this Amendment duly executed on behalf of each Loan Party;
- (b) Lender’s receipt of any and all outstanding fees and expenses of Lender (to include without limitation, all fees and expenses of counsel to Lender) due to Lender from the Borrower pursuant to Section 2.6 of the Loan Agreement;
- (c) Lender’s receipt of such other documents or certificates, and completion of such other matters, as Bank may reasonably deem necessary or appropriate; and
- (d) the absence of any defaults or Events of Default, except with respect to those herein waived to the extent expressly waived herein.

3. Representations, Warranties and Covenants. Each Loan Party hereby represents, warrants and agrees as follows:

(a) This Amendment and the Loan Agreement, as amended hereby, constitute legal, valid and binding obligations of such Loan Party and are enforceable against such Loan Party in accordance with their respective terms, except as the enforceability thereof may be subject to or limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors generally.

(b) Upon the effectiveness of this Amendment, such Loan Party hereby reaffirms all covenants, representations and warranties made in the Loan Agreement, as amended hereby and agrees that all such covenants, representations and warranties shall be deemed to have been remade as of Fourth Amendment Effective Date (except to the extent any such representation or warranty expressly relates only to an earlier and/or specified date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier and/or specified date).

(c) No Event of Default or event or condition that would, with any notice and/or lapse of time, constitute an Event of has occurred and is continuing or would exist after giving effect to this Amendment.

(d) As of the date hereof, no Loan Party has any defense, counterclaim or offset with respect to the Loan Agreement or any other Loan Document.

4. Effect on the Loan Agreement.

(a) Upon the effectiveness hereof, each reference in the Loan Agreement to “this Agreement,” “hereunder,” “hereof,” “herein” or words of like import shall mean and be a reference to the Loan Agreement as amended hereby.

(b) Except as specifically provided herein, the Loan Agreement and all other Loan Documents, shall remain in full force and effect, and are hereby ratified and confirmed.

(c) Except as specifically provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Lender, nor constitute a waiver of any provision of the Loan Agreement or any other Loan Documents.

5. Governing Law. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and shall be governed by and construed in accordance with the laws of the State of California.

6. Release. Borrower and each other Loan Party intends and agrees that this Amendment will be effective as a full, final and general release of and from all matters related to the Loan Agreement and/or any related documents as against Lender, and/or Lender's predecessors-in-interest, predecessors, successors, representatives, parents, subsidiaries, affiliates, divisions, officers, directors, shareholders, agents, accountants, servants, employees and attorneys, (collectively, the "Lender Parties"), and any and all claims or defenses any such Loan Party may have with respect to the obligations under the Loan Agreement and/or any related documents and/or the negotiation, execution, and performance of, and any act or omission by the Lender Parties related thereto. Each Loan Party acknowledges and agrees that the Lender Parties have not made any oral representations contrary, or supplemental, to any written terms of this Amendment. Each Loan Party, therefore, fully and forever releases, discharges, indemnifies and holds harmless the Lender Parties from any and all claims, demands, actions or causes of action that such Loan Party may, or might, have against the Lender Parties, whether known or unknown, foreseen or unforeseen, by reason of any damages or injuries whatever sustained by any Loan Party, and occasioned directly, or indirectly, by any act or omission of the Lender Parties arising out of or in connection with the Loan Agreement and/or any related documents from the beginning of time until the execution of this Amendment. In furtherance thereof, each Loan Party acknowledges that such Loan Party is familiar with, and that Loan Parties' attorney(s) of record, if any, has advised Loan Parties of, *California Civil Code §1542*, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of execution of the release, which if known by him or her must have materially affected his or her settlement with the debtor."

Each Loan Party expressly waives and releases any right or benefit which such Loan Party has or may in the future have under *California Civil Code §1542* to the fullest extent that such rights or benefits may be lawfully waived and released.

CM Loan Party initials

Further, each Loan Party acknowledges that such Loan Party may hereafter discover facts different from or in addition to those facts now known or believed by such Loan Party to be true with respect to any or all of the matters covered by this Amendment, and each Loan Party agrees that this Amendment will nevertheless be binding and remain in full and complete force and effect.

7. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

8. Counterparts; Electronic Transmission. This Amendment may be executed by the parties hereto in one or more counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement. Any signature delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature hereto.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first written above.

LOAN PARTIES:

CINEDIGM CORP.

By /s/ Christopher McGurk
Name: Christopher J. McGurk
Title: Chairman & CEO

ADM CINEMA CORPORATION

By /s/ Gary Loffredo
Name: Gary Loffredo
Title: General Counsel

VISTACHIARA PRODUCTIONS, INC.

By /s/ Gary Loffredo
Name: Gary Loffredo
Title: General Counsel

VISTACHIARA ENTERTAINMENT, INC.

By /s/ Gary Loffredo
Name: Gary Loffredo
Title: General Counsel

CINEDIGM ENTERTAINMENT CORP.

By /s/ Gary Loffredo
Name: Gary Loffredo
Title: General Counsel

CINEDIGM ENTERTAINMENT HOLDINGS, LLC

By /s/ Gary Loffredo
Name: Gary Loffredo
Title: General Counsel

CINEDIGM HOME ENTERTAINMENT, LLC

By /s/ Gary Loffredo
Name: Gary Loffredo
Title: General Counsel

DOCURAMA, LLC

By /s/ Gary Loffredo
Name: Gary Loffredo
Title: General Counsel

DOVE FAMILY CHANNEL, LLC

By /s/ Gary Loffredo
Name: Gary Loffredo
Title: General Counsel

CINEDIGM OTT HOLDINGS, LLC

By /s/ Gary Loffredo
Name: Gary Loffredo
Title: General Counsel

CINEDIGM PRODUCTIONS, LLC

By /s/ Gary Loffredo
Name: Gary Loffredo
Title: General Counsel

COMIC BLITZ II LLC

By /s/ Gary Loffredo
Name: Gary Loffredo
Title: General Counsel

VIEWSTER, LLC

By /s/ Gary Loffredo
Name: Gary Loffredo
Title: General Counsel

MATCHPOINT DIGITAL, LLC

By /s/ Gary Loffredo
Name: Gary Loffredo
Title: General Counsel
CON TV, LLC

By /s/ Gary Loffredo
Name: Gary Loffredo
Title: General Counsel

LENDER:

EAST WEST BANK

By: Robert Mostert
Name: Robert Mostert
Title: Vice President

Exhibit G

[Attached]

18004880.3
209604-10104

4835-0406-9057v.1

Subsidiaries of Cinedigm Corp. (the "*Company*")

1. Access Digital Media, Inc., a Delaware corporation and a wholly-owned subsidiary of Cinedigm DC Holdings, LLC.
2. ADM Cinema Corporation d/b/a the Pavilion Theatre, a Delaware corporation and a wholly-owned subsidiary of the Company.
3. Christie/AIX, Inc., a Delaware corporation and a wholly-owned subsidiary of Access Digital Media, Inc.
4. Vistachiara Productions Inc., d/b/a The Bigger Picture, a Delaware corporation and a wholly-owned subsidiary of the Company.
5. Access Digital Cinema Phase 2, Corp., a Delaware corporation and a wholly-owned subsidiary of the Company.
6. Vistachiara Entertainment, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company.
7. Access Digital Cinema Phase 2 B/AIX Corp., a Delaware corporation and a wholly-owned subsidiary of Access Digital Cinema Phase 2 Corp.
8. Cinedigm Digital Funding 1, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Christie/AIX, Inc.
9. CDF2 Holdings, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Access Digital Cinema Phase 2 Corp.
10. Cinedigm Digital Funding 2, LLC, a Delaware limited liability company and a wholly-owned subsidiary of CDF2 Holdings, LLC.
11. Cinedigm Entertainment Corp., a New York corporation and a wholly-owned subsidiary of the Company.
12. Cinedigm Digital Cinema Australia Pty Ltd, an Australian proprietary company and a wholly-owned subsidiary of the Company.
13. Cinedigm DC Holdings, LLC, a Delaware limited liability company and a wholly-owned subsidiary of the Company.
14. Cinedigm Entertainment Holdings, LLC, a Delaware limited liability company and a wholly-owned subsidiary of the Company.
15. Cinedigm Home Entertainment, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Cinedigm Entertainment Holdings, LLC.
16. Con TV, LLC, a Delaware limited liability company and an 85% owned subsidiary of Cinedigm Entertainment Corp.
17. Docurama, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Cinedigm OTT Holdings, LLC.
18. Dove Family Channel, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Cinedigm OTT Holdings, LLC.
19. Cinedigm OTT Holdings, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Cinedigm Entertainment Corp.
20. Cinedigm Productions, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Cinedigm Entertainment Corp.
21. Comic Blitz II LLC, a Delaware limited liability company and a wholly-owned subsidiary of Cinedigm OTT Holdings, LLC.
22. Viewster, LLC, , a Delaware limited liability company and a wholly-owned subsidiary of Cinedigm OTT Holdings, LLC.
23. C&F Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of Cinedigm Corp. on Form S1 (No. 333-214486), Form S3 (Nos 333-238183 and 333-222190) and Form S-8 (Nos. 333-220773 and 333-189898) of our report dated July 2, 2020 on our audits of the consolidated financial statements as of March 31, 2020 and 2019 and for each of the years in the two-year period ended March 31, 2020, which report is included in this Annual Report on Form 10-K to be filed on or about July 2, 2020. Our report includes an explanatory paragraph that refers to the adoption of Accounting Standards Update 2016-02 “Leases (Topic 842)” and an emphasis-of-matter paragraph that refers to the Company’s financing transactions subsequent to March 31, 2020.

/s/ EISNERAMPER LLP

EISNERAMPER LLP
Iselin, New Jersey
July 2, 2020

CERTIFICATION

I, Christopher J. McGurk, certify that:

1. I have reviewed this Form 10-K of Cinedigm Corp.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
-

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 2, 2020

By: /s/ Christopher J. McGurk
Christopher J. McGurk
Chief Executive Officer and Chairman of the Board of Directors
(Principal Executive Officer)

CERTIFICATION

I, Gary S. Loffredo, certify that:

1. I have reviewed this Form 10-K of Cinedigm Corp.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
-

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 2, 2020

By: /s/ Gary Loffredo
Chief Operating Officer, President Digital Cinema, General Counsel and Secretary (Principal Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with Form 10-K of Cinedigm Corp. (the "Company") for the period ended March 31, 2020 as filed with the SEC (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: July 2, 2020

By: /s/ Christopher J. McGurk
Christopher J. McGurk
Chief Executive Officer and Chairman of the Board of Directors
(Principal Executive Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with Form 10-K of Cinedigm Corp. (the "Company") for the period ended March 31, 2020 as filed with the SEC (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: July 2, 2020 By: /s/ Gary Loffredo
Chief Operating Officer, President Digital Cinema, General Counsel and Secretary (Principal Financial Officer)