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, 2022

☐ 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	**22-3720962**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
264 West 40th Street, New York, NY	**10018**
(Address of principal executive offices)	(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 $2.51 per share, the closing price of such common equity on the Nasdaq Global Market, as of September 30, 2021, was $326,631,850. 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 June 27, 2022, 176,737,459 shares of Class A Common Stock, $0.001 par value were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

NONE.

CINEDIGM CORP.
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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;
- our financial condition and financial flexibility, including, but not limited to, our ability to obtain necessary financing for our business as and when needed;
- 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.

PART I

ITEM 1. BUSINESS

OVERVIEW

Cinedigm Corp. was incorporated in Delaware on March 31, 2000 ("Cinedigm", "us", "our", and "Company" refers to Cinedigm Corp. and its subsidiaries unless the context otherwise requires). Cinedigm is (i) a leading independent distributor and aggregator of independent music, television, and other short form content rights distributed across digital, over-the-top (OTT), physical, and home and mobile entertainment platforms as well as (ii) a leading servicer of digital cinema assets on over 2,843 domestic and several international countries.

Over the past several years, Cinedigm has transformed itself from being a digital cinema equipment and physical content distributor to a leading independent streaming company with the planned phasing out of its legacy projector division.

Cinedigm is a leading independent streaming entertainment company serving global enthusiast fan bases. Since our inception, we have played a significant role in the digital distribution revolution that continues to transform the media and entertainment landscape. Cinedigm delivers high-quality, curated content through subscription video on demand (SVOD) and dedicated ad-supported (AVOD) and free, ad-supported streaming linear (FAST) channels.

Cinedigm's broad portfolio enables the Company to achieve significant market share on every key consumer streaming device and platform. As the Company obtains high-growth distribution territories globally, the Company expects each of these channels to generate high-margin revenues to Cinedigm. As its channel portfolio has grown, the Company's viewership and subscription metrics have grown significantly. The Company currently reaches over 23.8 million streaming channel monthly active viewers. The Company has rights to a library of over 33,000 film & TV assets, 16 different enthusiast streaming brands across 19 live streaming channels, and over 640,000 subscribers (SVOD) reaching 900 million unique streaming devices globally.

Cinedigm has been a technological pioneer over its history and continues to be one today. Through its world-class, proprietary streaming technology, the Company has become a partner of choice for content producers, rightsholders, and major media companies seeking to monetize their content in the streaming ecosystem. The Company's streaming technology platform, known as Matchpoint™, is a software-as-a-service platform which automates the distribution of streaming content and OTT channels. The Company has a long legacy in using technology to transform the entertainment industry, and played a pioneering role in transitioning over 11,000 movie screens from traditional analog film prints to digital distribution.

Cinedigm is a leading distributor of independent film and television content. The Company operates a growing portfolio of owned and operated over-the-top ("OTT") streaming entertainment channels. The Company distributes content for major brands such as Hallmark, Televisa, ITV, Nelvana, ZDF, Konami, NFL, and NHL as well as leading international and domestic content creators, movie producers, television producers and other short form digital content producers. Cinedigm collaborates with producers, major brands and other IP 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, Tubi, PlutoTV, 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 48,000 retail storefronts, including Walmart, Target, Best Buy and Amazon.

The Company is well positioned in a changing media and entertainment landscape. Cinedigm is capitalizing on an evolving competitive environment where the top of the streaming industry is consolidating including competitors such as Netflix, Amazon Prime, Hulu and Disney Plus while Cinedigm has a complimentary offering as a leading independent distributor with a focus on the enthusiast segment of the market. The Company believes the enthusiast segment, focusing on audiences and genres underserved by the major streamers, will be a significant opportunity on a global basis. Today, the Company operates channels in numerous specialty sectors, including faith and family, science fiction, horror, kids, and other major segments. Given our extensive experience in operating and distributing enthusiast content, as well as the Company's significantly improved financial position, the Company has begun executing an M&A roll-up strategy with a focus on enthusiast channels, content, and supporting technology. Over the past two years, the Company has acquired numerous channels and content libraries. The Company is actively focused on integrating the most recent acquisitions, as well as building and launching a variety of associated critical products, including: Fantawild, Fandor, The Film Detective, Screambox, Films Around the World, Bloody Disgusting, DMR, and other initiatives driving major technological changes in the entertainment industry.

The Company will continue to pursue accretive M&A opportunities in order to grow profitably and fortify its competitive advantage. The Company has completed & integrated six accretive acquisitions between October 2020 and March 31, 2022 with ongoing active M&A pipeline. As part of its M&A strategy, the Company is:

- Executing on roll-up by completing several content related acquisitions enabling monetization;
- Focused on acquiring higher quality content and streaming channels;
- Exploring opportunities for new technology and other revenue channels including NFTs, ecommerce, podcasts and merchandise; and
- Leveraging its proprietary tech platform (Matchpoint™), which allows for on-boarding multiple acquisitions concurrently.

Some of the evolving consumer habits that are driving consumption of streaming and OTT content include:

- Continued "cord-cutting" resulting in an increase in SVOD & AVOD migration,
- Consumer preference towards third party channels and content platforms,
- The rapid adoption of connected televisions and other dedicated streaming devices,
- A rapid rise in consumption of ad-based content,
- Increasing demand for underserved content; and
- Growth trend in youth (kids) media consumption across multiple devices and brands.

The Company believes it is positioned to deliver sustained profitable growth in the future by executing on several key initiatives:

- Content: Delivering high-quality, curated content through subscription video on demand (SVOD) and dedicated ad-supported (AVOD) and free, ad-supported streaming (FAST) channels
- Technology & Distribution:
    - Dramatically expanding streaming content business through its Matchpoint™ platform,
    - Launching and scaling our channel portfolio – including the building of an umbrella streaming service encompassing all of the Company's brands.
    - Accelerating the Company's device and platform reach, which has exceeded 700 million consumer devices, and establishing key strategic advantages through partnership deals with connected streaming TV including Samsung, Roku and Vizio, as well as large OEM's, cable companies and technology platforms including Sinclair Broadcast Group, Samsung, Comcast Xfinity, Roku, Amazon, Vewd and Vizio, and others.
    - Licensing film and TV content to every key player in OTT streaming ecosystem with Amazon, Apple, Netflix and Google.
- Audience: Growing viewership and subscription numbers significantly beyond our current base of more than 23 million viewers to potentially hundreds of millions of global viewers across billions of connected devices.
- Financial Performance/Metrics:
    - Driving EBITDA through incremental revenue growth from new channel launches, expansion of distribution, improved monetization and partnerships, and continuous efforts on cost mitigation.

The Company announced its acquisition of FoundationTV on March 8, 2021, which acquisition was consummated on June 14, 2021, and the formation of Cinedigm India, its wholly-owned subsidiary formed to house FoundationTV. In addition to powering Cinedigm's portfolio of streaming channels and digital video distribution business, the new division will allow Cinedigm to expand their global streaming footprint. The Company is developing a channel umbrella with global reach, which is expected to further enable growth and profitability.

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 "Metaverse 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 A Metaverse Company, a leading Chinese entertainment company ("Metaverse"), formerly Starrise Media Holdings Limited, and related party, to buy from them an aggregate of 410,901,000 outstanding Metaverse ordinary shares (the "Metaverse Share Acquisition"). On February 14, 2020, the Company purchased 162,162,162 of the Metaverse 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 Metaverse Stock Purchase Agreement, terminated its obligation to purchase Metaverse 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 Metaverse Stock Purchase Agreement") with five (5) shareholders of Metaverse - 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 Metaverse 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 Metaverse Share Acquisition"). On April 15, 2020, the April Metaverse Share Acquisition was consummated and this transaction was also recorded as an equity investment in Metaverse. 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 March 31, 2022, the market value of Cinedigm's ownership in A Metaverse Company ("Metaverse") ordinary shares was approximately $7.03 million.

On October 11, 2019, the Company received a letter from the Listing Qualifications staff of The Nasdaq Stock Market LLC ("Nasdaq") indicating that, based upon the closing bid price of the Company's Class A common stock, par value $0.001 per share (the "Common Stock"), for the prior 30 consecutive business days, the Company no longer met the requirement to maintain a minimum bid price of $1 per share (the "Bid Price Rule"), as set forth in Nasdaq Listing Rule 5450(a)(1).

On December 18, 2019, the Company received a letter from Nasdaq indicating that the Company no longer met the requirement to maintain a minimum market value of publicly held shares of $15,000,000 (the "MVPHS Rule"), as set forth in Nasdaq Listing Rule 5450(b)(3)(C).

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 would occur until July 1, 2020, and any extension to reach compliance with the Bid Price Rule, if granted by the Panel, would be further extended by the duration of the suspension, and (y) the Company now had until August 29, 2020 to regain compliance with the MVPHS Rule.

On May 7, 2020, the Company was notified by Nasdaq that the previously disclosed MVPHS Rule deficiency had been cured, that the Company was in compliance, and that Nasdaq considered the matter closed.

On June 17, 2020, the Company was notified by Nasdaq that the previously disclosed Bid Price Rule had been cured and that the Company was in compliance, and that Nasdaq considered the matter closed.

On October 5, 2020, the Company received a letter from the Nasdaq indicating that the Company no longer met the Bid Price Rule.

On February 2, 2021, the Company was notified by Nasdaq that the previously disclosed Bid Price Rule had been cured and that the Company was in compliance, and that Nasdaq considered the matter closed.

On April 4, 2022, the Company received a letter from the Nasdaq indicating that the Company no longer met the Bid Price Rule.

Risk and Uncertainties

The COVID-19 pandemic and related economic repercussions created significant volatility and uncertainty impacting the Company's results for the year. As part of our Content & Entertainment business, the Company sells DVDs and Blu-ray discs at brick-and-mortar stores. With the closure of non-essential retail stores beginning in the spring of 2020, the sale of physical discs through our retail partners declined although this was partially offset by digital purchases of physical product. As part of our Cinema Equipment business, the Company earns revenue when movies are exhibited in theaters. Many movie theaters in the United States slowly re-opened with limited capacities through March 31, 2022. The majority of major studios resumed blockbuster films releases during the year which showed an encouraging return of consumer confidence for the theatrical experience. As vaccines became readily available and COVID cases decreased, major studios resumed theatrical releases and there was an uptick in box office revenue during the period ending March 31, 2022.

Longer term, there had been speculation that the future of theatrical release strategies could change as a result of Major Studios being able to release movies simultaneously in theatres and on streaming platforms during the pandemic. If fewer movies are released theatrically, a shift to digital viewing reduces revenue opportunities for virtual print fees and sales of digital cinema equipment. While Studios are still in an experimentation phase regarding theatrical/streaming strategies we are encouraged by the success of recent exclusive theatrical releases such as Sony's 'Spider-Man: No Way Home', which became the first movie since the pandemic to hit $1 billion globally with no current plans to premiere on any streaming platforms.

CONTENT & ENTERTAINMENT

Content Distribution and our Enthusiast Streaming Channels

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

Additionally, we are leveraging our infrastructure, technology, content and distribution expertise to rapidly and cost effectively build and expand our streaming digital network businesses, which operates as Cinedigm Networks.

The Company currently operates 16 different enthusiast streaming brands across 19 live streaming channels under a wide array of business models:

Our Subscription Video on Demand (SVOD) Services consist of:

- Docurama – a documentary and nonfiction streaming service launched in September 2014;
- CONtv – a fandom-centric service focused on comics, genre films and geek culture, launched in March 2015;
- Dove Channel – a faith and family entertainment service launched in August 2015;
- Viewster Anime – a Japanese Anime streaming service acquired in February, 2018;
- Fandor – an independent film streaming service, acquired in January 2021; and
- Screambox – a horror streaming service acquired in February 2021.

Our Ad-Supported Video on Demand (AVOD) or Free Ad Supported Streaming Television Channels consist of:

- Dove Channel – a faith and family linear channel launched in 2017;
- Docurama – a documentary and nonfiction linear channel launched in 2018;
- CONtv – a fandom-centric linear channel launched in 2018;
- Comedy Dynamics – a comedy linear channel launched in 2019;
- The Bob Ross Channel, a lifestyle linear channel launched in 2020;
- MyTime, a women's entertainment linear channel, launched in 2020;
- WhistleTV – a sports lifestyle channel launched in 2020, ended December 31, 2021;

- CONtv Anime, an anime linear channel launched in 2020;
- Bloody Disgusting TV a horror linear channel launched in 2020;
- The Film Detective – a classic film linear channel and on demand platform acquired in 2020; and
- Lone Star – a classic western channel and on demand platform acquired in 2020;
- Real Madrid TV – a sports and lifestyle linear channel launched in 2021;
- The Only Way is Essex – a British reality and content linear channel launched in 2021;
- El Rey – a Latino centric linear channel launched in 2021;
- The Country Network – a country music lifestyle linear channel launched in 2021;
- So…Real – a reality TV and documentary enthusiast linear channel launched in 2020;
- Asian Crush – a pan-Asian culture and lifestyle linear channel acquired in March 2022;
- Retro Crush – a classic anime linear channel acquired in March 2022;
- Cocoro – a kid and family centric Asian linear channel acquired in March 2022;
- KMTV – a Korean-pop linear channel acquired in March 2022;
- Yuyu – a general programming adjunct linear channel acquired in March 2022;
- Midnight Pulp – a horror, thriller and cult linear channel acquired in March 2022.

From time to time, the company will announce channel development deals with a variety of media companies. The timeline for planning and launching a channel varies from months to years and is also dependent on carriage conversations with a wide array of platforms and distributors. We announced three channels in 2020 that remain in development through 2022:

- LIVX, a music and entertainment channel
- Party Crashers, a political news channel
- AudPop, a short form entertainment channel

The digital channels market is a nascent industry, and from time to time, the Company will cease operating or distributing channels that do not find adequate audiences or meet the needs of platforms or audiences. In fiscal year 2021, we elected to cease operating or distributing the following channels:

- Bambu, a Chinese entertainment linear channel owned and operated by Cinedigm;
- Hallypop, a Korean music and lifestyle linear channel distributed by Cinedigm; and
- CombatGo, an international combat sports linear channel distributed by Cinedigm;

We distribute our streaming channels in several distinct ways: direct to consumer, through major application platforms such as the web, iOS, Android, Roku, Apple TV, Amazon Fire, Vizio, and Samsung; and through third party distributors of content on 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 divisions 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 scaled 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.

Our Strategy

The shift from traditional entertainment consumption to streaming is accelerating. We believe that our large library of film and television episodes, long-standing relationships with digital platforms, state of the art technologies and years of experience operating and growing streaming audiences (collectively, our "Streaming" business) will allow us to continue to build a diversified portfolio of enthusiasts OTT channels that generate recurring revenue streams from advertising, merchandising and subscriptions. We believe that our success, market leadership and scale will continue to attract strong brands and media companies who bring name recognition, high-quality film and television content, and strong marketing support.

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

- More than 13 years of experience as a primary distributor of content to scale third party OTT platforms such as Netflix, Hulu, Amazon Prime, Apple iTunes and more, and nearly seven 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 33,000 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;
- Our proprietary streaming technology enabling us to operate at scale and at lower operating costs than our competitors; and
- Our experienced management team.

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, 2022, two customers, Amazon and Distribution Solutions each represented 18% and 25% respectively of CEG's revenues and approximately 6% and 8%, respectively, of our consolidated revenues. For the fiscal year ended March 31, 2021, Amazon and Distribution Solutions represented 15% and 22% respectively of CEG's revenues and approximately 9% and 13%, respectively, 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 and Digital Networks segment are Chicken Soup for the Soul Entertainment, Inc. and RLI/American Multi-Cinema, Inc.

CINEMA EQUIPMENT BUSINESS

The Phase I Deployment and Phase II Deployment operations consist of the following:

Operations of:	Products and services provided:
Cinema Equipment Business	Financing vehicles and administrators for 696 Systems (as defined below) installed nationwide in our first deployment phase ("Phase I Deployment") to theatrical exhibitors and for 2,147 Systems installed domestically and internationally in our second deployment phase ("Phase II Deployment"). 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 after the end of the 10-year deployment payment period. 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. 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").

PHASE I DEPLOYMENT AND PHASE II DEPLOYMENT

In June 2005, we formed our Phase I Deployment division 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, 2022, Phase I Deployment had 696 Systems installed.

In October 2007, we formed our Phase II Deployment division for the administration of up to 10,000 additional Systems. As of March 31, 2022, Phase II Deployment had 2,147 of such Systems installed.

Our Phase I Deployment and Phase II Deployment divisions 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 1 DC has agreements with 17 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 digital 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, 2022, all of our 696 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, continued to pay VPFs through March 31, 2022. We expect to continue to earn such ancillary revenue from the cinema equipment segment through December of 2022; 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 906 digital projection Systems for an aggregate sales price of approximately $6.1 million during the year ended March 31, 2022.

Our Phase II Deployment division 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, 2022, our Phase II Deployment division has master license agreements with 106 exhibitors covering 2,147 screens, whereby the exhibitors agreed to install our Systems. As of March 31, 2022, we had 2,147 Phase 2 DC Systems installed, including 839 screens under the exhibitor-buyer structure ("Exhibitor-Buyer"), and 1,308 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 division. 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 division 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.

As of March 31, 2022, the Company has certain booked liabilities in relation to exhibitors that have received payments that were permitted under the Agreements with Exhibitors. The administrative services related to the Company give rise to variable consideration and are constrained until the uncertainty associated with the variable consideration is resolved. As of March 31 2022, most of the Company's agreements with studios and with exhibitors in relation to VPFs have either reached the end of the term or are close to termination, with some of the agreements reaching the end of any audit rights.

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 the motion picture exhibition industry however, has become less pronounced as the motion picture studios are releasing movies somewhat more evenly throughout the year.

SERVICES

Our Services division 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 division provides such services to the 696 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 division also provides services to the 2,147 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 division also has international servicing partnerships in Australia and New Zealand with the Independent Cinema Association of Australia and as of March 31, 2022, we ceased providing servicing to such parties.

Competition

Our Services division 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, 2022 we had 146 employees, with 6 part-time, 134 full-time and 6 temporaries, of which 11 are in sales and marketing, 61 are in operations, and 74 are in executive, finance, technology and administrative 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

An investment in our securities involves a degree of risk. The risks described below are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also have a material adverse effect on us. If any of the following risks actually occur, our financial condition, results of operations, cash flows or business could be harmed. In that case, the market price of our stock could decline and you could lose part or all of your investment in our stock.

Risks Related to our Business

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.

Any future debt obligations of ours, and debt obligations of our non-consolidated subsidiaries, could impair our financial flexibility and restrict our business significantly.

We do not currently have debt obligations. However, if we incur debt obligations in the future, such debt obligations could have important consequences for us, including:

- limiting our ability to obtain necessary financing in the future;
- 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 that may affect or limit our business activities.

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 a lease (the "CHG Lease") pursuant to which CHG-Meridian U.S. Finance, Ltd. 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, 2022 was $55.6 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, 2022 and 2021.

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 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.

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 long term losses.

We have incurred long term losses and have financed our operations principally through equity investments and borrowings. As of March 31, 2022, we had negative working capital, defined as current assets less current liabilities, of $(4.8) million, and cash and cash equivalents totaling $13.1 million, total equity of $41 million, and $4.9 million provided by 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 March 31, 2022, our directors, executive officers and principal stockholders, those known by us to beneficially own more than 5% of the outstanding shares of our Common Stock, beneficially own, directly or indirectly, in the aggregate, approximately 23.9% of our outstanding 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 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 A Metaverse Company, a leading Chinese entertainment company, formerly Starrise Media Holdings Limited, whose ordinary shares are listed on the Hong Kong Stock Exchange ("Metaverse"), 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 Metaverse. 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 18% of the outstanding ordinary shares of Metaverse, a company that operates in China and whose ordinary shares trade on the Hong Kong Stock Exchange. We have partnered with Metaverse 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 Metaverse, 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 Metaverse shares.

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.

Termination of the MLAs and MLAAs 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 is 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.

*O**ur 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 outbreak of COVID-19. The COVID-19 pandemic and related economic repercussions created significant volatility and uncertainty impacting the Company's results for the year. As part of our Content & Entertainment business, the Company sells DVDs and Blu-ray discs at brick-and-mortar stores. With the closure of non-essential retail stores beginning in the spring of 2020, the sale of physical discs through our retail partners declined although this was partially offset by digital purchases of physical product. As part of our Cinema Equipment business, the Company earns revenue when movies are exhibited in theaters. Many movie theaters in the United States slowly re-opened with limited capacities through March 31, 2022. The majority of major studios resumed blockbuster films releases during the year which showed an encouraging return of consumer confidence for the theatrical experience. As vaccines became readily available and COVID cases decreased, major studios resumed theatrical releases and there was an uptick in box office revenue during the period ending March 31, 2022.

Longer term, there had been speculation that the future of theatrical release strategies could change as a result of Major Studios being able to release movies simultaneously in theatres and on streaming platforms during the pandemic. If fewer movies are released theatrically, a shift to digital viewing reduces revenue opportunities for virtual print fees and sales of digital cinema equipment. While Studios are still in an experimentation phase regarding theatrical/streaming strategies we are encouraged by the success of recent exclusive theatrical releases such as Sony's 'Spider-Man: No Way Home', which became the first movie since the pandemic to hit $1 billion globally with no current plans to premiere on any streaming platforms.

Risks Related to Common Stock

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

Although the Common Stock is listed on Nasdaq, there has been a limited public market for the 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 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 Common Stock to fluctuate significantly.

Substantial resales or future issuances of our Common Stock could depress our stock price.

The market price for the Common Stock could decline, perhaps significantly, as a result of resales or issuances of a large number of shares of the 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 Common Stock that may be exercised 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 Common Stock. To the extent that these options or warrants are exercised, or to the extent we issue additional shares of Common Stock in the future, as the case may be, there will be further dilution to holders of shares of the Common Stock.

Our issuance of preferred stock could adversely affect holders of Common Stock.

Our board of directors is authorized to issue series of preferred stock without any action on the part of our holders of 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 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 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 Common Stock, the rights of holders of our Common Stock or the price of our 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 Common Stock.

The trading price of the 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 debt;
- the volume of shares of the Common Stock available for public sale;
- any major change in our board of directors or management;
- sales of substantial amounts of 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 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 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 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 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 Common Stock and adversely affect the trading price of the 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 affect the flexibility of holders of Common Stock to resell their securities in the secondary market.

The Common Stock is presently listed on Nasdaq. On April 4, 2022, we received a letter (the "Notice") from the Listing Qualifications staff of Nasdaq indicating that the Company no longer meets the requirement to maintain a minimum bid price of $1 per share, as set forth in Nasdaq Listing Rule 5450(a)(1). The Notice did not result in the immediate delisting of the Common Stock from Nasdaq. In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we were provided a period of 180 calendar days, or until October 3, 2022, in which to regain compliance. There can be no assurance that we regain compliance within such period, or will be granted an extension of time to cure the deficiency. 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. 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 Common Stock.

We have never paid any cash dividends on our 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 Common Stock. As a result, you may not receive any return on an investment in our Common Stock unless you sell any shares you hold 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 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 Common Stock, diluting their interest or being subject to rights and preferences senior to their own.

We identified material weaknesses in our internal control over financial reporting, and we may identify additional material weaknesses in the future that may cause us to fail to meet our reporting obligations or result in material misstatements of our financial statements. If we fail to remediate any material weaknesses or if we otherwise fail to establish and maintain effective control over financial reporting, our ability to accurately and timely report our financial results could be adversely affected.

We identified deficiencies in our internal control that we consider to be material weaknesses in our internal control over financial reporting which existed as of March 31, 2021 and 2022. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our consolidated financial statements will not be prevented or detected on a timely basis.

In the evaluation, management identified material weaknesses in internal controls related to our financial close and reporting process and information and communication controls. Management also concluded that we did not have a sufficient complement of corporate personnel with appropriate levels of accounting and controls knowledge and experience commensurate with our financial reporting requirements to appropriately analyze, record and disclose accounting matters completely and accurately. As a result of this evaluation, management extensively used outside consultants who possessed the appropriate levels of accounting and controls knowledge.

Following identification of this control deficiency, management is implementing modifications to better ensure that the Company has appropriate and timely reviews on all financial reporting analysis. The material weakness in our internal control over financial reporting will not be considered remediated until these modifications are implemented, in operation for a sufficient period of time, tested, and concluded by management to be designed and operating effectively. In addition, as we continue to evaluate and work to improve our internal control over financial reporting, management may determine to take additional measures to address control deficiencies or determine to modify our remediation plan. Management will test and evaluate the implementation of these modifications to ascertain whether they are designed and operating effectively to provide reasonable assurance that they will prevent or detect a material misstatement in the Company's financial statements.

By taking the remediation steps described in Item 9A, we believe that, as a result of management's in-depth review of its accounting processes, and the additional procedures management has implemented, there are no material inaccuracies or omissions of material fact in this Form 10-K and, to the best of our knowledge, we believe that the consolidated financial statements in this Form 10-K fairly present in all material respects our financial condition, results of operations and cash flows in conformity with GAAP.

We may identify future material weaknesses in our internal controls over financial reporting and we may be unable to accurately report our financial results, or report them within the timeframes required by law or stock exchange regulations. We cannot assure that our existing material weakness will be remediated or that additional material weaknesses will not exist or otherwise be discovered, any of which could adversely affect our reputation, financial condition and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We operated from the following leased properties at March 31, 2022.

Location	Square Feet (Approx.)	Lease Expiration Date	Primary Use
264 W. 40th St. 15th Floor, New York City, NY 10018	5,363	Jan 31, 2025	Office space

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

COMMON STOCK

Our 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 Common Stock as reported by Nasdaq for the periods indicated:

	For the Fiscal Year Ended March 31,			
	2022		2021	
	HIGH	LOW	HIGH	LOW
April 1 – June 30	$ 1.71	$ 1.14	$ 3.20	$ 0.32
July 1 – September 30	$ 2.63	$ 1.08	$ 2.49	$ 0.55
October 1 – December 31	$ 2.84	$ 1.16	$ 1.09	$ 0.45
January 1 – March 31	$ 1.25	$ 0.64	$ 2.33	$ 0.69

The last reported closing price per share of our Common Stock as reported by Nasdaq on June 29, 2022 was $0.53 per share. As of June 29, 2022, there were 59 holders of record of our Common Stock, not including beneficial owners of our 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 Common Stock or Class B Common Stock and do not anticipate paying any on our Common Stock in the foreseeable future. Any future payment of dividends on our 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, 2022.

SALES OF UNREGISTERED SECURITIES

None.

PURCHASE OF EQUITY SECURITIES

There were no purchases of shares of our Common Stock made by us or on our behalf during the year ended March 31, 2022 and 2021.

ITEM 6. [Reserved]

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 Hallmark, Televisa, ITV, Nelvana, ZDF, Konami, NFL, 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 Apple iTunes, Amazon Prime, Netflix, Hulu, Xbox, Pluto, Tubi and most video-on-demand ("VOD") and free ad-supported television ("FAST") streaming platforms, as well as (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) 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 North America and Australia. It also provides fee-based support to over 2,843 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 operates 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. 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 typically 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, 2022, we had approximately $0.0 million of non-recourse outstanding debt principal that relates to, and is serviced by, our cinema equipment business. We have approximately $0.0 million of outstanding debt principal, as of March 31, 2022 that is attributable to our Content & Entertainment and Corporate segments.

Risks and Uncertainties

The COVID-19 pandemic and related economic repercussions created significant volatility and uncertainty impacting the Company's results for the year. As part of our Content & Entertainment business, the Company sells DVDs and Blu-ray discs at brick-and-mortar stores. With the closure of non-essential retail stores beginning in the spring of 2020, the sale of physical discs through our retail partners declined although this was partially offset by digital purchases of physical product. As part of our Cinema Equipment business, the Company earns revenue when movies are exhibited in theaters. Many movie theaters in the United States slowly re-opened with limited capacities through March 31, 2021, and have since reopened as of March 31, 2022. The majority of major studios resumed blockbuster films releases during the year which showed an encouraging return of consumer confidence for the theatrical experience. As vaccines became readily available and COVID cases decreased, major studios resumed theatrical releases and there was an uptick in box office revenue during the year ending March 31, 2022.

Longer term, there had been speculation that the future of theatrical release strategies could change as a result of Major Studios being able to release movies simultaneously in theatres and on streaming platforms during the pandemic. If fewer movies are released theatrically, a shift to digital viewing reduces revenue opportunities for virtual print fees and sales of digital cinema equipment. While Studios are still in an experimentation phase regarding theatrical/streaming strategies we are encouraged by the success of recent exclusive theatrical releases such as Sony's 'Spider-Man: No Way Home', which became the first movie since the pandemic to hit $1 billion globally with no current plans to release on any streaming platforms.

Liquidity

We have incurred net losses historically and net income for the year ended March 31, 2022 of $2.3 million. As of March 31, 2022, we had an accumulated deficit of $472.3 million and negative working capital of $4.8 million as of March 31, 2022. Net cash provided by operating activities for the fiscal year ended March 31, 2022 was $4.9 million. Based on these conditions, the Company entered into the following transactions described below.

Capital Raises

On February 2, 2021, the Company entered into a Securities Purchase Agreement with a single institutional investor for the purchase and sale of 5,600,000 shares of Common Stock at a purchase price of $1.25 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 July 10, 2020 (File No. 333-239710) (the "2020 Shelf Registration Statement") and an applicable prospectus supplement. The closing of the sale occurred on February 5, 2021. The aggregate gross proceeds for the sale was approximately $7.0 million. The net proceeds to the Company from the sale, after deducting the fees of the placement agent but before paying the Company's estimated offering expenses, was approximately $6.5 million.

In July 2020, we entered into an At-the-Market sales agreement (the "ATM Sales Agreement") with A.G.P./Alliance Global Partners ("A.G.P.") and B. Riley FBR, Inc. ("B. Riley" and, together with A.G.P., the "Sales Agents"), pursuant to which the Company may offer and sell, from time to time, through the Sales Agents, shares of Common Stock at the market prices prevailing on Nasdaq at the time of the sale of such shares. The Company is not obligated to sell any shares under the ATM Sales Agreement. Any sales of shares made under the ATM Sales Agreement will be made pursuant the 2020 Shelf Registration Statement, for an aggregate offering price of up to $30 million. During the year ended March 31, 2021, we sold 28,405,840 shares of Common Stock under the ATM Sales Agreement. Net proceeds from such sales totaled $18.6 million. No sales under the ATM Sales Agreement were made during the year ended March 31, 2022.

On July 16, 2020, the Company entered into a securities purchase agreement with certain investors for the purchase and sale of 7,213,334 shares of Common Stock, par value $0.001 per share, at a purchase price of $1.50 per share, in a registered direct offering, pursuant to the 2020 Shelf Registration Statement and an applicable prospectus supplement. The closing of the sale occurred on July 20, 2020. The aggregate gross proceeds for the sale was approximately $10.8 million. The net proceeds to the Company from the sale, after deducting the fees of the placement agents but before paying the Company's estimated offering expenses, is approximately $10.1 million.

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 of the Common Stock, 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 (File No. 333-238183) and an applicable prospectus supplement. The closing of the sale occurred on May 22, 2020. The aggregate gross proceeds for the sale was $8.0 million. The net proceeds to the Company from the sale, after deducting the fees of the placement agents but before paying the Company's estimated offering expenses, were approximately $7.1 million.

In October 2021, we entered into a Common Stock Purchase Agreement (the "Equity Line Purchase Agreement") and a Registration Rights Agreement (the "Registration Rights Agreement") with B. Riley Principal Capital, LLC ("B. Riley Principal Capital"). Pursuant to the Equity Line Purchase Agreement, the Company has the right to sell to B. Riley Principal Capital up to the lesser of (i) $50,000,000 of newly issued shares of Common Stock and (ii) the Exchange Cap (as defined in the Equity Line Purchase Agreement), from time to time during the 24-month period from and after the October 21, 2021. Sales of Common Stock pursuant to the Equity Line Purchase Agreement, and the timing of any sales, are solely at the option of the Company, and the Company is under no obligation to sell any securities to B. Riley Principal Capital under the Equity Line Purchase Agreement. As consideration for B. Riley Principal Capital's commitment to purchase shares of Common Stock at the Company's direction upon the terms and subject to the conditions set forth in the Equity Line Purchase Agreement, upon execution of the Equity Line Purchase Agreement, the Company issued 210,084 shares of Common Stock to B. Riley Principal Capital (the "Commitment Shares"). The purchase price of the shares of Common Stock that we elect to sell to B. Riley Principal Capital pursuant to the Equity Line Purchase Agreement will be determined by reference to the volume weighted average price of the Common Stock ("VWAP") during the applicable purchase date, less a fixed 5% discount to such VWAP. Pursuant to the Registration Rights Agreement, the Company filed a Registration Statement on Form S-1 that was declared effective by the Securities and Exchange Commission on October 21, 2021 (File No. 333-260210) for the resale by B. Riley Principal Capital of up to 25,210,084 shares of Common Stock (including the Commitment Shares) acquired pursuant to the Equity Line Purchase Agreement. During the year ended March 31, 2022, we sold 5,300,000 shares of Common Stock under the Equity Line Purchase Agreement. Net proceeds from such sales totaled $12.4 million.

As of March 31, 2022, there is still approximately $38.0 million available under the 2020 Shelf Registration Statement, and $37.6 million available under the Equity Line Purchase Agreement, to raise additional capital.

Sale of Cinematic Equipment

On March 17, 2021, the Company entered into two separate agreements for the sale of cinematic equipment to American Multi-Cinema, Inc. ("AMC"). The agreement included the sale in tranches of a total of 2,369 cinematic projectors starting in March 2021 throughout January 2023 for a total cash consideration of $10.8 million. For the year ended March 31, 2022, the Company recognized revenue for $9.6 million. A portion of the total proceeds was utilized to pay off the remaining Prospect note payable.

Equity Investment in a Related Party

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 "Metaverse 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 A Metaverse Company, a leading Chinese entertainment company ("Metaverse"), formerly Starrise Media Holdings Limited, to buy from them an aggregate of 410,901,000 outstanding Metaverse ordinary shares (the "Metaverse Share Acquisition"). On February 14, 2020, the Company purchased 162,162,162 of the Metaverse ordinary shares from BeiTai and issued BeiTai 21,646,604 shares of its Common Stock in consideration. The Metaverse 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 Metaverse Stock Purchase Agreement, terminated its obligation to purchase Metaverse 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 Metaverse Stock Purchase Agreement") with five (5) shareholders of Metaverse – 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 Metaverse ordinary shares from them and for the Company to issue to them an aggregate of 29,855,081 shares of its Common Stock as consideration therefor (the "April Metaverse Share Acquisition"). On April 15, 2020, the April Metaverse Share Acquisition was consummated and this transaction was also recorded as an equity investment in Metaverse.

Metaverse'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 .152 per share on March 31, 2022, calculated at an exchange rate of 7.85 Hong Kong Dollars to 1 US dollar, the market value of Cinedigm's ownership in Metaverse ordinary shares was approximately $7.03 million. Subsequent to the period, trading of Metaverse's ordinary shares was halted. (See Note 11)

Borrowings

On June 22, 2021, the maturity date of the East West Credit Facility (as defined in Note 5 – Notes Payable) with East West Bank was extended from June 30, 2021 to September 28, 2021 and was not extended.

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 and on June 22, 2021, the maturity date was extended to September 28, 2021. See Note 5 – Notes Payable.

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 used 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. On January 5, 2021, the Company submitted its application for forgiveness and, as of June 30, 2021, obtained forgiveness for the full amount.

On June 24, 2020, the Company entered into an exchange agreement pursuant to which the Company issued 329,501 shares of its Common Stock, in exchange for $842,000, the' principal amount and accrued and unpaid interest of outstanding Second Lien Loans (as defined in Note 5 – Notes Payable). The surrendered Second Lien Loans 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.

In a separate exchange with another holder of Second Lien Notes, on November 19, 2020, the Company issued 452,499 shares of Common Stock in exchange for $247,108 principal amount of Second Lien Notes. The exchanged Second Lien Notes were immediately cancelled.

On December 4, 2020, the Company entered into exchange agreements (the "December Exchange Agreements") with certain holders of Second Lien Notes. Pursuant to the December Exchange Agreements, the Company issued an aggregate of 2,776,284 shares of its Common Stock, par value $0.001 per share Common Stock in exchange for an aggregate of $1,386,106 of principal amount of Second Lien Notes. The exchanged Second Lien Notes were immediately cancelled.

On January 21, 2021, the Company entered into an exchange agreement (the "January Exchange Agreement") with a holder of notes under its 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 ("Second Lien Notes"). Pursuant to the January Exchange Agreement, the Company issued an aggregate of 1,247,626 shares of Common Stock, in exchange for an aggregate of $1,289,650 of principal amount of Second Lien Notes. The exchanged Second Lien Notes were immediately cancelled.

In three separate exchanges with another holder of Second Lien Notes, on January 14, 2021 and January 21, 2021, the Company issued 689,500 shares, 580,448 shares and 1,247,626 (an aggregate of 2,517,574 shares) of Common Stock in exchange for $500,000, $600,000 and $1,289,650 (an aggregate of $2,389,650) principal amount of Second Lien Notes. The exchanged Second Lien Notes were immediately cancelled.

On February 2, 2021, the Company issued 425,290 shares of Common Stock in exchange for $500,000 principal amount of Second Lien Notes. The exchanged Second Lien Notes were immediately cancelled.

The Second Lien Loans (as defined in Note 5 – Notes Payable) were to mature on June 16, 2020. On June 26, 2020, the Company entered into a consent agreement with the 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 47 (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 Company Limited or an affiliate thereof ("Bison") for final payment of the remaining outstanding balances. The Second Lien Loans were to mature on June February 16, 2020. On June 26, 2020, the Company entered into a consent agreement with the lenders 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.

On February 9, 2021, the Company prepaid all of the outstanding obligations in respect of principal, interest, fees and expenses under the Second Lien Loan Agreement, among the Company, certain lenders and Cortland Capital Market Services LLC. The payoff amount of approximately $3.18 million was comprised of (i) $3.1 million of principal, (2) accrued payment-in-kind interest of $.018 million, (3) accrued current interest of $0.007 million, and (4) fees and expenses of $0.004 million. Upon such prepayment, the Second Lien Loan Agreement was terminated effective February 9, 2021.

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 had an interest rate of 5% per annum. The principal was payable upon maturity, in cash or in shares of our Common Stock, par value $0.001 per share (the "Common Stock"), or a combination of cash and Common Stock, at the Company's option. The Bison Convertible Note was 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 was converted to Common Stock in March 2021. See Note 5 – Notes Payable.

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 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.

On April 15, 2020, the Company executed a letter amendment (the "Letter Amendment") to the Bison Convertible Note (as defined in Note 5 – Notes Payable). 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.

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 September 11, 2020, the Bison and Mingtai Notes, having an aggregate of $15 million principal amount (the "Notes") were converted in full into an aggregate of 10,000,000 shares of Common Stock at a conversion price of $1.50 per share in accordance with the terms of the Notes. Accordingly, the Notes have been extinguished. The Notes were held by Bison Global and, both of which are affiliates of Peixin Xu, the Chairman of Bison Capital Holding Company Limited, which is indirectly Cinedigm's largest stockholder.

On March 4, 2021, Cinedigm DC Holdings, LLC ("CDCH"), Access Digital Media, Inc., Access Digital Cinema Phase 2, Corp., Christie/AIX, Inc., Cinedigm Digital Funding I, LLC, certain Lenders, and Prospect Capital Corporation, as administrative agent and collateral agent ("Prospect"), entered into Amendment No. 3 (the "Amendment") to the Term Loan Agreement dated February 28, 2013 (the "Term Loan Agreement"). Under the Amendment, the maturity date of the loan under the Term Loan Agreement (the "Loan") was extended to March 31, 2022. Upon a series of payments between April 30 and July 9, 2021, the Company paid in full the Prospect loan non-recourse outstanding debt amount by paying an aggregate principal amount of $7.8 million.

We believe the combination of: (i) our cash and cash equivalent balances at March 31, 2022 and (ii) expected cash flow from operations, will be sufficient for our operations and capital needs, for at least twelve months from the filing of this report. 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.

FAIR VALUE ESTIMATES

Goodwill, Intangible and Long-Lived Assets

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.

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.

During the years ended March 31, 2022 and 2021, an impairment charge of $2.0 million and $0 was recorded to intangible assets.

REVENUE RECOGNITION

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

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 Discs) or when the content is available for subscription on the digital platform or available on the point-of-sale for transactional and video on demand 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 are 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 System 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

Our Cinema Equipment Business consists of financing vehicles and administrators for 696 Systems installed nationwide in our first deployment phase ("Phase I Deployment") to theatrical exhibitors and for 2,147 Systems installed domestically and internationally in our second deployment phase ("Phase II Deployment").

We retain ownership of our Systems and the residual cash flows related to the Systems in Phase I Deployment after the end of the 10-year deployment payment period.

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.

The Cinema Equipment Business also provides monitoring, data collection, serial data verification and management services to this segment, as well as to exhibitors who purchase their own equipment, in order to collect virtual print fees ("VPFs") from motion picture studios and distributors and Alternative Content Fees ("ACFs") from alternative content providers, and to distribute those fees to theatrical exhibitors (collectively, "Services").

VPFs are earned, net of administrative fees, pursuant to contracts with movie studios and distributors, whereby amounts are payable by a studio to Phase I Deployment and to Phase II Deployment when movies distributed by the studio are displayed on screens utilizing our Systems installed in movie theatres. VPFs are earned and payable to Phase I Deployment 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 the title first plays for general audience viewing in a digital projector equipped movie theatre. The Phase 1 Deployment's and Phase 2 Deployments performance obligations for revenue recognition are met at this time.

Phase II Deployment'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 II Deployment 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 II Deployment 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 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 typically pursue the sale of the Systems to such exhibitors. Cinedigm recognizes revenue once the customer takes possession of the Systems and Cinedigm received the sale proceeds. Such sales were originally contemplated as the conclusion of the digital cinema deployment plan. Total system sales executed was $6.1 million and $6.7 million, during the year ended March 31, 2022 and 2021, respectively. 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 Phase II of 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 II Deployment 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 division 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" or "OTT Streaming and Digital"), and physical goods (e.g., DVDs and Blu-ray Discs) ("Physical Revenue" or "Base Distribution Business"). Fees earned are typically a percentage based on the net amounts received from our customers. 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 transactional, subscription and ad supported/free ad-supported streaming TV ("FAST") on the digital platforms, and shipment of DVDs and Blu-ray Discs. 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. Physical revenue is recognized after deducting the reserves for sales returns and other allowances, which are accounted for as variable consideration.

Physical goods reserved 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 are 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.

Shipping and Handling

Shipping and handling costs are incurred to move physical goods (e.g., DVDs 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.

Credit Losses

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 is variable consideration as part of the transaction price. If actual future returns and allowances differ from past experience, adjustments to our allowances may be required.

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.

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.

Deferred revenue pertaining to our Content & Entertainment Business includes amounts related to the sale of DVDs 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, 2022 was $0.2 million. For the year ended March 31, 2022, 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, 2022, $813 thousand of revenue was recognized that was included in the deferred revenue balance at the beginning of the year.

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.

ASSET ACQUISITIONS

An asset acquisition is an acquisition of an asset, or a group of assets, that does not meet the definition of a business as substantially all of the fair value of the gross assets acquired are concentrated in a single or group of similar, identifiable assets. Asset acquisitions are accounted for by using the cost accumulation model whereby the cost of the acquisition, including certain transaction costs, is allocated to the assets acquired on a relative fair value basis. Determining and valuing intangible assets requires judgment.

BUSINESS COMBINATIONS

The Company accounts for acquisitions in accordance with FASB ASC 805, "Business Combinations" ("ASC 805"), and goodwill in accordance with ASC 350, "*Intangibles — Goodwill and Other"* ("ASC 350"). The excess of the purchase price over the estimated fair value of net assets acquired in a business combination is recorded as goodwill. ASC 805 specifies criteria to be used in determining whether intangible assets acquired in a business combination must be recognized and reported separately from goodwill. Amounts assigned to goodwill and other identifiable intangible assets are based on independent appraisals or internal estimates.

ASC 805 defines the acquirer in a business combination as the entity that obtains control of one or more businesses in a business combination and establishes the acquisition date as the date the acquirer achieves control. ASC 805 requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquirer (if any) at the acquisition date, measured at their fair values as of that date. ASC 805 also requires the acquirer to recognize contingent consideration (if any) at the acquisition date, measured at its fair value at that date.

Results of Operations for the Fiscal Years Ended March 31, 2022 and 2021

Revenues

	For the Fiscal Year Ended March 31,			
($ in thousands)	**2022**	**2021**	**$ Change**	**% Change**
Cinema Equipment Business	$ 18,159	$ 3,222	$ 14,937	464%
Content & Entertainment	37,895	28,197	9,698	34%
	$ 56,054	$ 31,419	$ 24,635	78%

Revenues generated by our Cinema Equipment Business segment increased as a result of the revenue recognition for the AMC Equipment Purchase Agreements, and the recognition of variable considerations and the reopening of theatres showing major studio new content. During the year ended March 31, 2021, theatres re-opened with limited capacities as vaccines became readily available and as fully reopened as of March 31, 2022. Total system sales revenue recognized was $11.3 million and $0.6 million, during the years ended March 31, 2022 and 2021, respectively. Blockbuster content released during the period ending March 31, 2022 showed an uptick in VPF revenue but fell shy of pre-pandemic levels. The revenues in the Content & Entertainment Business segment increased by 34% for the year ended March 31, 2022 compared to the year ended March 31, 2021. The increase is consistent with the addition of five new streaming channels related to Screambox, Bloody Disgusting and DMR business acquisitions as well as an increase in the number of advertising partners and stay at home orders increased in home digital viewing.

Direct Operating Expenses

	For the Fiscal Year Ended March 31,			
($ in thousands)	**2022**	**2021**	**$ Change**	**% Change**
Cinema Equipment Business	$ 687	$ 683	$ 4	1%
Content & Entertainment	20,207	15,420	4,787	31%
	$ 20,894	$ 16,103	$ 4,791	30%

The increase in direct operating expenses in the year ended March 31, 2022 for the Cinema Equipment Business compared to the prior period was primarily due to a slight increase in asset storage costs. The increase in direct operating expenses in the year ended March 31, 2022 for the Content & Entertainment Business compared to the prior period was primarily due to $3.3 million higher content and production costs related to continued growth in revenue and distribution, and expenses for newly acquired channels. Software as a service ("SaaS") costs increased $2.4 million on Cinedigm owned and managed channels from higher transactions and revenue. Other direct operating expenses, including licensing, participations fees and website content costs were $0.8 million higher. However, direct operating costs were partially offset by $2.5 million lower freight and fulfillment due to lower physical sales in the year ended March 31, 2022.

Selling, General and Administrative Expenses

	For the Fiscal Year Ended March 31,			
($ in thousands)	**2022**	**2021**	**$ Change**	**% Change**
Cinema Equipment Business	$ 1,405	$ 2,155	$ (750)	(35)%
Content & Entertainment	13,935	9,798	4,137	42%
Corporate	14,211	9,917	4,294	43%
	$ 29,551	$ 21,870	$ 7,681	35%

Selling, general and administrative expenses for the year ended March 31, 2022 increased by $8 million primarily due to the acquisitions of Screambox, DMR and Bloody Disguising. $2.4 million increase in personnel costs, $2.2 million in long term incentive plan stock appreciation rights, $0.4 million in computer related expenses and $0.4 million in public relations expenses.

Recovery of Doubtful Accounts

Recovery of doubtful accounts was $(0.5) million and $(0.1) million for the fiscal years ended March 31, 2022 and 2021, respectively.

Depreciation and Amortization Expense on Property and Equipment

	For the Fiscal Year Ended March 31,			
($ in thousands)	**2022**	**2021**	**$ Change**	**% Change**
Cinema Equipment Business	$ 1,160	3,916	(2,756)	(70)%
Content & Entertainment	571	461	110	24%
Corporate	3	27	(24)	(89)%
	$ 1,734	$ 4,404	$ (2,670)	(61)%

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 ten-year useful lives during fiscal years 2022 and 2021. Corporate and Content & Entertainment depreciation and amortization expense on property and equipment is $0.1 million higher due to the addition of software placed into service and amortization related to the business acquisition intangibles.

Amortization of intangible assets

	For the Fiscal Year Ended March 31,			
($ in thousands)	**2022**	**2021**	**$ Change**	**% Change**
Cinema Equipment Business	$ -	23	(23)	(100)%
Content & Entertainment	2,830	2,488	342	14%
Corporate	2	4	(2)	(50)%
	$ 2,832	$ 2,515	$ 317	13%

Amortization of intangible assets decrease in our Cinema Equipment Business Segment as the intangibles held by that segment were fully amortized during the 2021 year. Corporate and Content & Entertainment amortization expense on intangible assets is $342 thousand higher due to the addition of intangible assets from our acquisitions during the 2022 fiscal year.

Impairment of intangible assets

During the years ended March 31, 2022 and 2021, we recorded an impairment of $2.0 million and $0 for our customer relationships, respectively, related to our Content & Entertainment Segment.

Interest expense, net

	For the Fiscal Year Ended March 31,			
($ in thousands)	**2022**	**2021**	**$ Change**	**% Change**
Cinema Equipment Business	$ 138	$ 2,346	$ (2,208)	(94)%
Content & Entertainment	-	9	(9)	(100)%
Corporate	217	1,695	(1,478)	(87)%
	$ 355	$ 4,050	$ (3,695)	(91)%

Interest expense in the Cinema Equipment Business segment decreased primarily as a result of satisfying the Prospect Term Loan in during the quarter ended June 30, 2021. Interest expense in our Corporate segment decreased as a result of lower loan balances from our Credit Facility, the forgiveness of the PPP Loan, reduction in Second Lien Loans due to exchange for Common Stock and the conversion of the Bison Convertible Note and the Mingtai Convertible Note into shares of Common Stock.

Changes in fair value in Metaverse

During the years ended March 31, 2022 and March 31, 2021, we sold 680,000 shares of Metaverse shares for net proceeds of approximately $12.3 thousand and 8,370,000 of Metaverse shares for net proceeds of approximately $0.8 million, respectively, which resulted in a loss on sale of approximately $1 thousand and $73 thousand, respectively.

As of March, 31, 2022 and 2021, the value of our equity investment in Metaverse, using the readily determinable fair value method from the quoted trading price of the Stock Exchange of Hong Kong, was approximately $7.03 million and $6.44 million, respectively, resulting in a change in fair value of approximately $0.59 million and $(43.5) million for the years ended March 31, 2022 and 2021 respectively.

Extinguishment of PPP Loan

For the year ended March 31, 2022, we recognized a gain on extinguishment of note payable of $2.2 million for the forgiveness of PPP loan principal and interest due the approval of our PPP Loan forgiveness application by the U.S. Small Business Administration. This amount represents the entirety of our PPP loan and interest balance.

Income Tax Expense

For the year ended March 31, 2022, the income tax (benefit) of $(0.8) million represents a $(0.9) tax benefit mainly related to the releases of valuation allowance for a net change of the deferred taxes, resulting from acquisition of Foundation TV. We also recorded income tax expense of $0.1 which was mainly related to taxable income at the state level and timing differences related to fixed asset depreciation. We recorded an income tax (benefit) of approximately $(0.3) million for year ended March 31, 2021, mainly related to minor changes in estimates between the State tax income tax provision and tax filings.

Net Income/Loss attributable to common shareholders

	For the Fiscal Year Ended March 31,			
($ in thousands)	**2022**	**2021**	**$ Change**	**% Change**
Cinema Equipment Business	$ 14,192	$ (6,904)	$ 21,096	306%
Content & Entertainment	(5,369)	(3,767)	(1,602)	(43)%
Corporate	(7,053)	(52,505)	45,452	87%
	$ 1,770	$ (63,176)	$ 64,946	103%

Adjusted EBITDA

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

Consolidated Adjusted EBITDA (including the results of Cinema Equipment Business segment) for the year ended March 31, 2022 increased by $13.9 compared to the year ended March 31, 2021. Adjusted EBITDA from our Cinema Equipment Business segment increased primarily due to the increase in sales of equipment in the current year, and lower revenue in the prior year due to state mandated theater closures due to COVID-19, the temporary halt of distribution of major studio releases and the expected decline of the Cinema Equipment Business. Adjusted EBITDA from the Content & Entertainment business and Corporate decreased by $1.4 million for the year ended March 31, 2022 compared to the year ended March 31, 2021, due to an increase of $4.8 million in direct operating expense and increase of $8.4 million in selling, general and administrative, higher stock-based compensation, and other costs versus previous year despite a $9.7 million increase in Streaming digital revenue, adding channels, and acquisitions.

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 income (loss) from continuing operations 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 from continuing operations and Adjusted EBITDA has been provided in the financial results. Adjusted EBITDA should not be considered as an alternative to income from operations or net loss from continuing operations 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:

	For the Fiscal Year Ended March 31,	
($ in thousands)	**2022**	**2021**
Net income (loss)	$ 2,271	$ (62,905)
Add Back:		
Income tax (income) expense	(788)	(315)
Depreciation and amortization of property and equipment	1,734	4,404
Amortization of intangible assets	2,832	2,515
(Gain) Loss on extinguishment of note payable	(2,178)	1,498
Interest expense, net	355	4,050
Intangible impairment	1,968	-
Change in fair value on equity investment in Metaverse	(585)	43,518
Other expense, net	471	1,475
Recovery of doubtful accounts	(485)	(122)
Stock-based compensation and expenses	5,487	2,892
Net income (loss) attributable to noncontrolling interest	(59)	85
Adjusted EBITDA	$ 11,023	$ (2,905)
Adjustments related to the Cinema Equipment Business		
Depreciation and amortization of property and equipment	(1,160)	$ (3,916)
Amortization of intangible assets	-	(23)
Stock-based compensation and expenses	-	73
Other expense	(11)	-
Recovery of doubtful accounts	485	-
Income from operations	(14,347)	4,142
Adjusted negative EBITDA from Content and Entertainment business	$ (4,010)	$ (2,629)

Recent Accounting Pronouncements

See Note 2 - *Summary of Significant Accounting Policies* to our consolidated financial statements included herein.

Cash flow

Changes in our cash flows were as follows:

	For the Fiscal Years Ended March 31,	
($ in thousands)	**2022**	**2021**
Net cash provided (used in) by operating activities	$ 4,879	$ (20,007)
Net cash used in investing activities	(12,302)	(1,710)
Net cash provided by financing activities	2,636	24,272
Net increase (decrease) in cash and cash equivalents	$ (4,787)	$ 2,555

As of March 31, 2022, we had cash balances of $13.1 million.

As of March 31, 2021, we had cash and restricted cash balances of $17.8 million.

For the year ended March 31, 2022, net cash provided by operating activities is primarily driven by income from operations, excluding non-cash expenses such as depreciation, amortization, recovery for doubtful accounts and stock-based compensation, gain on extinguishment of note payable, including other changes in working capital. Additionally, during the year ended March 31, 2022, the Company increased accounts payable by $5.4 million to vendors. Accounts receivable increased due to growth in streaming and acquisitions of Bloody Disgusting, Screambox and DMR. Cash received from VPFs increased from the previous period as theatres reopened and major studios resumed blockbuster releases in the theatrical market. 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 were also impacted as a result of COVID-19, as during the year ended March 31, 2022, theatres began reopening in many major markets with limited capacities and discounts remained in place through the first quarter. When the majority of major studios began releasing blockbuster content to the theatrical markets and attendance improved the discounts were no longer applicable for the last three quarters in the year ended March 31, 2022. Because our digital cinema business earns a VPF when a movie is first plays on a system, the business was able to resume earning VPF revenue.

For the year ended March 31, 2021, net cash used in operating activities is primarily driven by loss from operations, excluding non-cash expenses such as depreciation, amortization, recovery for doubtful accounts and stock-based compensation, including other changes in working capital. Additionally, during the year ended March 31, 2021, the Company paid down $29.8 million to vendors at both CEG and Corporate. 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 periods 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 were also impacted as a result of COVID-19, as during the year ended March 31, 2021, theatres in many major markets remained closed throughout the fourth quarter causing the majority of major studios to move wide releases scheduled for the year ended March 31, 2021 to future dates. Only two major studios had wide theatrical releases in the last part of the year, however, the theatrical window before the streaming debut was shortened or eliminated to accommodate the lack of theatrical venues. Because our digital cinema business earns a VPF when a movie is first played on a system, the temporary theatre closures resulting from the COVID-19 pandemic resulted in reduced revenues.

For the year ended March 31, 2022, cash flows used in investing activities consisted of proceeds from the sale of investment securities of $0.01 million, purchases of property and equipment of $0.6 million, and $11.7 million related to the purchase of a business.

For the year ended March 31, 2021, cash flows used in investing activities consisted of proceeds from the sale of Metaverse shares of $0.8 million, purchases of property and equipment of $0.06 million, the sale of property and equipment of $0.08 million, and the purchase of intangible assets of $2.5 million related to the asset acquisition.

For the year ended March 31, 2022, cash flows provided by financing activities consisted of payments of approximately $7.8 million in notes payable, $2.0 million in Credit Facility repayments, and $12.4 million received in connection with the issuance Common Stock.

For the year ended March 31, 2021, cash flows provided by financing activities consisted of payments of approximately $7.7 million in notes payable, $12.8 million in Credit Facility repayments, $42.7 million received in connection with the issuance Common Stock, and $2.2 million received pursuant to the Payment Protection Program of the Coronavirus Aid, Relief and Economic Security Act.

Contractual Obligations

The following table summarizes our significant contractual obligations as of March 31, 2022:

	Payments Due				
Contractual Obligations (in thousands)	**Total**	**2023**	**2024 & 2025**	**2026 & 2027**	**Thereafter**
Operating lease obligations	$ 749	$ 258	$ 491	$ —	$ —

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. 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. In addition, as discussed further in Note 2 - *Basis of Presentation and Consolidation* and Note - *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.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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 Cinedigm Corp. (the "Company") as of March 31, 2022 and 2021, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity (deficit), and cash flows for each of the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022 and 2021, and the results of their operations and their cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue recognition – Content & Entertainment Business segment.

As disclosed in Note 2 to the consolidated financial statements, the Company's Content & Entertainment business segment ("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. Fees earned are a based on a percentage of the net amounts received from customers, when the Company is an agent in the transaction and represents the entire amount received from the customer when the Company is considered the principal. The Company's performance obligations include the delivery of content for transactional, subscription and ad supported streaming on the digital platforms, and shipment of DVDS and Blu-Ray disks. Revenue is recognized when the content is available for subscription on the digital platform, at the time of shipment of physical goods, or point-of-sale for transactional and VOD services as the control over the content or the physical titles is transferred to the customer. Physical revenue is recognized after deducting the reserves for sales returns and revenue reductions, which are accounted for as variable consideration. Total CEG revenues for the year ended March 31, 2022 $37.9 million.

We identified revenue recognition for CEG as a critical audit matter due the level of judgement and estimation required by management in the recognition of fees earned from customers and estimation of revenues accrued at period end; this in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence related to management's determination of management's revenue recognition for CEG.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. We obtained an understanding and evaluated the design of the Company's controls over the revenue recognition of CEG, including obtaining and evaluating the service auditor's report relating to controls over the third party information used by management in estimating digital revenue. We gained an understanding of the Company's role as either principal or agent in the revenue streams and management's determination of revenue streams as either gross or net based on the transfer of control for the good and service. Our audit procedures included, among others, comparing the revenue recognized to third party statements/reports, which can include sales, cash receipts, returns, revenue deductions, advance payments, advance recoupments, expenses, and other information, to reconcile to the revenue recognized or the net amounts in which fees are calculated on, as determined by the underlying contracts or third party statements for a sample of transactions. We also tested the mathematical accuracy of management's calculations of revenue and the associated timing of revenue recognized in the financial statements, as well as the Company's estimation process, on a sample basis, for revenues accrued at period end.

Valuation of Intangible Assets Acquired in Business Combinations

As disclosed in Note 4, the Company completed three business combinations during the year ended March 31, 2022. The business combinations were accounted for in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805, Business Combinations. Accordingly, the purchase prices of each acquisition were allocated to the assets acquired and liabilities assumed based on their respective fair values, including intangible assets aggregating to $14.9 million.

The Company valued the acquired intangible assets, comprised of developed technology, advertiser relationships, and channels and platform, at fair value on the date of the acquisitions using income approaches. The methods used to estimate fair value required management to make significant estimates and assumptions related to the forecasts of future cash flows, customer attrition rates, discount rates, and royalty rates.

Auditing the accounting for acquisitions was complex due to the significant estimation uncertainty in determining the fair values of identified intangible assets. The significant estimation uncertainty was primarily due to the sensitivity of the respective fair values to underlying assumptions about future performance of the acquired businesses and due to the limited historical data on which to base these assumptions.

Performing audit procedures to evaluate the reasonableness of these estimates and assumptions required a high degree of auditor judgment and an increased extent of effort, including the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained. We obtained an understanding and evaluated the design of the Company's controls over its accounting for acquisitions.

Our audit procedures also included evaluating the appropriateness of the valuation models, and testing the completeness, accuracy and relevance of the underlying data used in the models, and testing the reasonableness of the forecasts of future cash flows, attrition rates, discount rates, and royalty rates for the intangible assets acquired. We assessed the reasonableness of management's forecasts of future cash flows by comparing the projections to historical results. We also evaluated whether the estimated future cash flows were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the reasonableness of the valuation models and significant assumptions, including the discount and royalty rates that were independently developed using publicly available market data for comparable companies.

/s/ EisnerAmper LLP

We have served as the Company's auditor since 2004

EISNERAMPER LLP
Iselin, New Jersey
July 1, 2022

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

	March 31, 2022	March 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 13,062	$ 16,849
Accounts receivable, net of allowance of $2,921 and $2,876, respectively	30,843	21,093
Inventory	116	166
Unbilled revenue	2,349	1,377
Prepaid and other current assets	5,793	3,657
Total current assets	52,163	43,142
Restricted cash	-	1,000
Equity investment in A Metaverse Company, a related party, at fair value	7,028	6,443
Property and equipment, net	1,980	3,500
Operating lease right-of use assets, net	749	100
Intangible assets, net	20,034	9,860
Goodwill	21,084	8,701
Other long-term assets	1,598	2,700
Total assets	$ 104,636	$ 75,446
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 52,025	$ 46,627
Current portion of notes payable, including unamortized debt discount and debt issuance costs of $0 and $460, respectively (see Note 5)	-	1,956
Current portion of notes payable, non-recourse including unamortized debt discount of $0 and $763, respectively (see Note 5)	-	7,786
Current portion of deferred consideration on purchase of business	3,432	-
Current portion of earnout consideration on purchase of business	1,081	-
Operating lease liabilities	258	87
Current portion of deferred revenue	196	924
Total current liabilities	56,992	57,380
Note payable	-	2,152
Deferred consideration on purchase – net of current portion	5,600	-
Earnout consideration on purchase – net of current portion	603	-
Operating lease liabilities, net of current portion	491	13
Other long-term liabilities	-	19
Total liabilities	63,686	59,564
Commitments and contingencies (see Note 7)		
Stockholders' Equity		
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, 2022 and 2021. Liquidation preference of $3,648	3,559	3,559
Common stock, $0.001 par value; Class A stock 275,000,000 and 200,000,000 shares authorized at March 31, 2022 and 2021, respectively, 176,629,435 and 167,542,404 shares issued and 175,313,584 and 166,228,568 shares outstanding at March 31, 2022 and 2021, respectively.	174	164
Additional paid-in capital	522,601	499,272
Treasury stock, at cost; 1,315,851 and 1,313,836 Class A common shares at March 31, 2022 and 2021, respectively.	(11,608)	(11,603)
Accumulated deficit	(472,310)	(474,080)
Accumulated other comprehensive loss	(163)	(68)
Total stockholders' equity of Cinedigm Corp.	42,253	17,244
Deficit attributable to noncontrolling interest	(1,303)	(1,362)
Total equity	40,950	15,882
Total liabilities and equity	$ 104,636	$ 75,446

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,	
	2022	**2021**
Revenues	$ 56,054	$ 31,419
Costs and expenses:		
Direct operating (excludes depreciation and amortization shown below)	20,894	16,103
Selling, general and administrative	29,551	21,870
Depreciation and amortization of property and equipment	1,734	4,404
Amortization of intangible assets	2,832	2,515
Intangible impairment	1,968	-
Total operating expenses	56,979	44,892
Loss from operations	(925)	(13,473)
Interest income, net	1	37
Interest expense	(356)	(4,087)
Changes in fair value of equity investment in Metaverse, a related party	585	(43,518)
Income (loss) on extinguishment of note payable	2,178	(1,498)
Other expense, net	-	(681)
Net income (loss) from operations before income taxes	1,483	(63,220)
Income tax benefit	788	315
Net income (loss)	2,271	(62,905)
Net (loss) income attributable to noncontrolling interest	(59)	85
Net income (loss) attributable to controlling interests	2,212	(62,820)
Preferred stock dividends	(442)	(356)
Net income (loss) attributable to common stockholders	$ 1,770	$ (63,176)
Net income (loss) per Class A common stock attributable to common stockholders - basic:	$ 0.01	$ (0.49)
Weighted average number of Class A common stock outstanding: basic	170,643,623	127,787,379
Net income (loss) per Class A common stock attributable to common stockholders - diluted:	$ 0.01	$ (0.49)
Weighted average number of Class A common stock outstanding: diluted	173,827,870	127,787,379

See accompanying Notes to Consolidated Financial Statements

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

	For the Fiscal Year Ended March 31,	
	2022	**2021**
Net income (loss)	$ 2,271	$ (62,905)
Other comprehensive loss: foreign exchange translation	(95)	(160)
Comprehensive income (loss)	2,176	(63,065)
Less: comprehensive (loss) income attributable to noncontrolling interest	(59)	85
Comprehensive income (loss) attributable to controlling interests	$ 2,117	$ (62,980)

See accompanying Notes to Consolidated Financial Statements

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

	Series A Preferred Stock		Class A Common Stock		Treasury Stock		Additional Paid-In	Accumulated	Accumulated Other Comprehensive (Loss)	Total Stockholders'	Non-Controlling	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Income	Deficit	Interest	(Deficit)
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)
Foreign exchange translation	—	—	—	—	—		—	—	(160)	(160)	—	(160)
Issuance of Class A common stock in connection with public offerings	—	—	51,885,840	52	—		42,299	—	—	42,351	—	42,351
Issuance of Class A common stock in connection with the Metaverse transaction, a related party	—	—	29,855,081	30	—		11,016	—	—	11,046	—	11,046
Contributed capital under the Metaverse transaction, a related party	—	—	—	—	—		17,187	—	—	17,187	—	17,187
Common stock issued in connection with conversion of Convertible Notes and second lien loans	—	—	16,534,613	16	—		21,536	—	—	21,552	—	21,552
Stock-based compensation	—	—	1,860,554	1	—	—	2,891	—	—	2,892	—	2,892
Exercise of warrants for Class A common stock	—	—	236,899		—	—	301	—	—	301	—	301
Class A common stock to be issued in connection with asset acquisitions	—	—	3,098,126	3	—	—	2,902	—	—	2,905	—	2,905
Issuance of f Class A common stock for third party professional services	—	—	196,914		—	—		—	—		—	—
Preferred stock dividends paid with common stock	—	—	622,948				356	(356)	—		—	—
Net loss	—	—	—		—	—	—	(62,820)	—	(62,820)	(85)	(62,905)
Balances as of March 31, 2021	7	$ 3,559	166,228,568	$ 164	1,313,836	$ (11,603)	$ 499,272	$ (474,080)	$ (68)	$ 17,244	$ (1,362)	$ 15,882

See accompanying Notes to Consolidated Financial Statements

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

	Series A Preferred Stock		Class A Common Stock		Treasury Stock		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	Total Stockholders' Equity	Non-Controlling	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Income	(Deficit)	Interest	Equity
Balances as of March 31, 2021	7	$ 3,559	166,228,568	$ 164	1,313,836	$ (11,603)	$ 499,272	$ (474,080)	$ (68)	$ 17,244	$ (1,362)	$ 15,882
Foreing exchange translation	—	—	—	—	—	—	—	—	(95)	(95)	—	(95)
Stock compensation and expenses	—	—	366,056	—	—	—	5,487	—	—	5,487	—	5,487
Issuance of common stock in connection with business combinations	—	—	2,662,285	3	—	—	4,822	—	—	4,825	—	4,825
Preferred stock dividends paid in stock	—	—	231,406	—	—	—	354	(89)	—	265	—	265
Treasury stock in connection with taxes withheld from employees	—	—	(2,015)	—	2,015	(5)	—	—	—	(5)	—	(5)
Preferred stock dividends accrued	—	—	—	—	—	—	89	(353)	—	(264)	—	(264)
Issuance of common stock for third party equity purchase commitment	—	—	527,021	—	—	—	206	—	—	206	—	206
Issuance of common stock in connection with performance stock units	—	—	263	—	—	—	—	—	—	—	—	—
Issuance of common stock in connection with ATM raises, net	—	—	5,300,000	7	—	—	12,371	—	—	12,378		12,378
Net Income	—	—	—	—	—	—	—	2,212	—	2,212	59	2,271
Balances as of March 31, 2022	7	$ 3,559	175,313,584	$ 174	1,315,851	$ (11,608)	$ 522,601	$ (472,310)	$ (163)	$ 42,253	$ (1,303)	$ 40,950

See accompanying Notes to Consolidated Financial Statements

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

	For the Fiscal Year Ended March 31,	
	2022	**2021**
Cash flows from operating activities:		
Net income (loss)	$ 2,271	$ (62,905)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Depreciation and amortization of property and equipment and amortization of intangible assets	4,566	6,919
Deferred income tax	(888)	-
Impairment of prepaid advances	1,164	-
Impairment of intangibles	1,968	-
Changes in fair value of equity investment in Metaverse	(585)	43,518
Loss from sale of property and equipment	-	44
Amortization of debt issuance costs included in interest expense	-	1,223
Stock-based compensation and expenses	5,487	2,892
Interest expense for deferred consideration	44	-
Change in fair value of earnout for earnout consideration	222	-
(Gain) loss on extinguishment of note payable	(2,178)	1,498
Accretion and PIK interest expense added to note payable	-	302
Other	26	-
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(8,088)	13,692
Inventory	50	406
Unbilled revenue	(972)	615
Prepaid and other current assets	(1,580)	3,195
Accounts payable and accrued expenses	4,100	(29,766)
Deferred revenue	(728)	(1,640)
Net cash provided (used in) by operating activities	4,879	(20,007)
Cash flows from investing activities:		
Purchases of property and equipment	(316)	(64)
Purchase of intangible assets	(325)	(2,545)
Purchase of business, net of cash acquired	(11,672)	-
Proceeds from the sale of property and equipment	-	84
Sale of equity investment securities	11	815
Net cash used in investing activities	(12,302)	(1,710)
Cash flows from financing activities:		
Payments of notes payable	(7,786)	(7,703)
Repayments under revolving credit agreement, net	(1,956)	(12,829)
Proceeds from PPP Loan	-	2,152
Net proceeds from issuance of Class A common stock	12,378	42,652
Net cash provided by financing activities	2,636	24,272
Net change in cash, cash equivalents and restricted cash	(4,787)	2,555
Cash, cash equivalents and restricted cash at beginning of year	17,849	15,294
Cash, cash equivalents and restricted cash at end of year	$ 13,062	$ 17,849

See accompanying 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 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 ("Streaming") and (ii) a servicer of digital cinema assets ("Systems") for movie screens in both North America and several international countries.

We report our financial results in two primary segments as follows: (1) cinema equipment business and (2) 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 North America and Australia. It also provides fee-based support to music and 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 operates 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.

Risks and Uncertainties

The COVID-19 pandemic and related economic repercussions created significant volatility and uncertainty impacting the Company's results for the period. As part of our Content & Entertainment business, the Company sells DVDs and Blu-ray discs at brick-and-mortar stores. Due to the lingering effects of the COVID-19 pandemic in the year ended March 31, 2022, the sale of physical discs through our retail partners declined although this was partially offset by digital purchases of physical product and increases in streaming views. As part of our Cinema Equipment business, the Company earns revenue when movies are exhibited in theatres. Many movie theaters in the United States slowly re-opened with limited capacities through March 31, 2022. The majority of major studios resumed blockbuster films releases during the year which showed an encouraging return of consumer confidence for the theatrical experience. As vaccines became readily available and COVID cases decreased, major studios resumed theatrical releases and there was an uptick in box-office revenue during the period ending March 31, 2022.

Liquidity

We have incurred net losses historically and have net income of $2.3 million for the year ended March 31, 2022. We also have an accumulated deficit of $472.3 million and negative working capital of $4.8 million as of March 31, 2022. Net cash provided by operating activities for the fiscal year ended March 31, 2022 was $4.9 million. We may continue to generate net losses for the foreseeable future. Based on these conditions, the Company entered into the following transactions described below:

Sale of Cinematic Equipment

On March 17, 2021, the Company entered into two separate agreements for the sale of cinematic equipment to American Multi-Cinema, Inc. ("AMC"). The agreements included the sale in tranches of a total of 2,369 cinematic projectors starting in March 2021 and continuing through January 2023 for total cash consideration of $10.8 million. For the year ended March 31, 2022, the Company recognized aggregate revenue for $9.9 million. A portion of the total proceeds were used to pay down the remaining outstanding balance of the Prospect Loan notes payable.

Borrowings

On June 22, 2021, the maturity date of the East West Credit Facility (as defined in Note 5 - *Notes Payable)* with East West Bank was extended from June 30, 2021 to September 28, 2021 and was not extended.

On April 15, 2020, the Company received $2.2 million from East West Bank, 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 "PPP 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 PPP Maturity Date. The Company used 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 were intended to be eligible for forgiveness, subject to the provisions of the CARES Act, and could be subject to repayment. On July 7, 2021, the Company received notification from the lender that the U.S. Small Business Administration had approved the Company's PPP Loan forgiveness application for the entire PPP Loan amount and accrued interest effective as of June 30, 2021. The forgiveness of the PPP Loan was recognized as a gain of $2.2 million during the Company's fiscal quarter ended June 30, 2021.

Upon a series of payments between April 30 and July 9, 2021, the Company paid in full the Prospect loan non-recourse outstanding debt amount by paying an aggregate principal amount of $7.8 million. Pre-payment of the Prospect Loan was permissible without penalty.

Common Stock Purchase Agreement

In October 2021, we entered into a Common Stock Purchase Agreement (the "Equity Line Purchase Agreement") and a Registration Rights Agreement (the "Registration Rights Agreement") with B. Riley Principal Capital, LLC ("B. Riley Principal Capital"). Pursuant to the Equity Line Purchase Agreement, the Company has the right to sell to B. Riley Principal Capital up to the lesser of (i) $50,000,000 of newly issued shares of Common Stock and (ii) the Exchange Cap (as defined in the Equity Line Purchase Agreement), from time to time during the 24-month period from and after the October 21, 2021. Sales of Common Stock pursuant to the Equity Line Purchase Agreement, and the timing of any sales, are solely at the option of the Company, and the Company is under no obligation to sell any securities to B. Riley Principal Capital under the Equity Line Purchase Agreement. As consideration for B. Riley Principal Capital's commitment to purchase shares of Common Stock at the Company's direction upon the terms and subject to the conditions set forth in the Equity Line Purchase Agreement, upon execution of the Equity Line Purchase Agreement, the Company issued 210,084 shares of Common Stock to B. Riley Principal Capital (the "Commitment Shares"). The purchase price of the shares of Common Stock that we elect to sell to B. Riley Principal Capital pursuant to the Equity Line Purchase Agreement will be determined by reference to the volume weighted average price of the Common Stock ("VWAP") during the applicable purchase date, less a fixed 5% discount to such VWAP. Pursuant to the Registration Rights Agreement, the Company filed a Registration Statement on Form S-1 that was declared effective by the Securities and Exchange Commission on October 21, 2021 (File No. 333-260210) for the resale by B. Riley Principal Capital of up to 25,210,084 shares of Common Stock (including the Commitment Shares) acquired pursuant to the Equity Line Purchase Agreement. During October and November 2021, we sold 5,300,000 shares of Common Stock under the Equity Line Purchase Agreement. Net proceeds from such sales totaled $12.4 million.

We believe the combination of: (i) our cash and cash equivalent balances at March 31, 2022 and (ii) expected cash flow from operations, will be sufficient for our operations and capital needs, for at least twelve months from the filing of this report. 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 at fair value where we have elected the fair value option. 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 3 - *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 digital revenue, accounts receivable reserves, return reserves, inventory reserves, recovery of advances, assessment of goodwill impairment, intangible asset impairment and estimated amortization lives, fair value for asset acquisitions and business combinations, valuation allowances for income taxes and stock awards. Actual results could differ from these estimates.

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 required 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:

	As of	
(in thousands)	**March 31, 2022**	**March 31, 2021**
Cash and Cash Equivalents	$ 13,062	$ 16,849
Restricted Cash	-	1,000
	$ 13,062	$ 17,849

EQUITY INVESTMENT IN A METAVERSE COMPANY, A RELATED PARTY

On February 14, 2020, the Company acquired an approximately 11.5% interest in A Metaverse Company ("Metaverse"), a leading publicly traded Chinese entertainment company, formerly Starrise Media Holdings Limited, whose ordinary shares are listed 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 Metaverse that is related to our major shareholders. Our major shareholders also maintain a significant beneficial interest ownership in Metaverse. 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 Metaverse 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 Common Stock of the Company. The difference in value of shares received in Metaverse and shares issued by the Company is deemed as contributed capital and recorded in additional paid-in capital.

On April 10, 2020, the Company purchased an additional 15% interest in Metaverse in a private transaction from shareholders of Metaverse that are affiliated with the major shareholder of the Company. The Company recorded an additional equity investment of approximately $28.2 million, which is the fair market value of the Metaverse shares on the transaction date on the Stock Exchange of Hong Kong, in exchange for the Company's common stock of $11.0 million, valued at the date of the issuance of the Common Stock of the Company. The difference in the value of shares received in Metaverse and shares issued by the Company is deemed as contributed capital and recorded in additional paid-in capital. This transaction was also recorded as an equity investment in Metaverse.

The Company has accounted for these investments under the equity method of accounting as the Company can exert significant influence over Metaverse 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 Metaverse.

During the years ended March 31, 2022 and March 31, 2021, the Company sold 680,000 shares of Metaverse shares for net proceeds of approximately $12.3 thousand and 8,370,000 of Metaverse shares for net proceeds of approximately $0.8 million, respectively, which resulted in a loss on sale of approximately $1 thousand and $73 thousand, respectively.

As of March, 31, 2022 and 2021, the value of our equity investment in Metaverse, using the readily determinable fair value method from the quoted trading price of the Stock Exchange of Hong Kong, was approximately $7.03 million and $6.44 million, respectively, resulting in a change in fair value of approximately $0.59 million for the year ended March 31, 2022. At March 31, 2022, the Company owned 362,307,397 shares or 17% of Metaverse.

Equity Investment in Metaverse, a related party transaction

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 "Metaverse 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 A Metaverse Company, a leading Chinese entertainment company ("Metaverse"), formerly Starrise Media Holdings Limited, to buy from them an aggregate of 410,901,000 outstanding Metaverse ordinary shares (the "Metaverse Share Acquisition"). On February 14, 2020, the Company purchased 162,162,162 of the Metaverse ordinary shares from BeiTai and issued BeiTai 21,646,604 shares of its Class A common stock, par value $.001 per share (the "Common Stock") in consideration therefor. The Metaverse 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 Metaverse ordinary shares from Aim Right under the Metaverse Stock Purchase Agreement.

On April 10, 2020, the Company entered into another stock purchase agreement (the "April Metaverse Stock Purchase Agreement") with five (5) shareholders of Metaverse - 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 Metaverse ordinary shares from them and for the Company to issue to them an aggregate of 29,855,081 shares of its Common Stock as consideration therefor (the "April Metaverse Share Acquisition"). On April 15, 2020, the April Metaverse Share Acquisition was consummated and this transaction was also recorded as an equity investment in Metaverse.

Metaverse'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 .152 per share on March 31, 2022, calculated at an exchange rate of 7.83 Hong Kong Dollars to 1 US dollar, the market value of Cinedigm's ownership in Metaverse ordinary shares was approximately $7.03 million. On April 1, 2022, trading of Metaverse's ordinary shares was halted. (See Note 11)

NON-MONETARY TRANSACTIONS

During the year ended March 31, 2020, the Company entered into agreements with certain vendors to transfer 5,139,762 and 14,184,765 Metaverse ordinary shares to satisfy outstanding liabilities with these vendors. Upon the sale of the Metaverse shares by the vendors, with certain restrictions on sales unless the Company gave consent to sell, if the proceeds did not satisfy the amount due to the vendor, the Company was liable for the balance owed. Pursuant to such agreements, the Company reduced the amount payable to its vendors by $0.8 million as of March 31, 2021. There were no such transactions during the year ended March 31, 2022.

There was no gain or loss resulting from these transactions for the year ended March 31, 2022 and 2021.

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 Systems deployments that have extended payment terms. Such accounts receivable are discounted to their present value at prevailing market rate.

ADVANCES

Advances, which are recorded within prepaid and other current assets on 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 were $1.2 million and $0.3 million, for the years ended March 31, 2022 and 2021, respectively.

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. Repair and maintenance 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.

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, 2022 and 2021, the Company assessed the future performance of titles included in the customer list intangible asset, which resulted in an impairment charge of $2.0 million and $0 was recorded from operations for long-lived assets or finite-lived assets.

INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization. For intangible assets that have finite lives, the assets are amortized using the straight-line method over the estimated useful lives of the related assets. For intangible assets with indefinite lives, the assets are tested annually for impairment or sooner if a triggering event occurs. During the years ended March 31, 2022 and 2021, we recorded an impairment of $2.0 million and $0 for our customer relationships, respectively.

Amortization expense is recorded using the straight-line method over the estimated useful lives of the respective assets as follows:

Trademark	3 years
Content Library	3 – 20 years
Customer Relationships	5 – 13 years
Tradename	2 – 15 years
Theatre Relationship	12 years
Patents	3 years
Supplier Agreements	2 years
Intangible Assets	3-4 years
Software	10 years

The Company's intangible assets include the following on March 31, 2022:

	Cost Basis	Accumulated Amortization	Impairment	Net
Trademark	$ 1,925	$ (776)	$ -	1,149
Content Library	23,685	(20,665)	-	3,020
Customer Relationships	10,658	(7,327)	(1,968)	1,363
Tradename	2,101	(525)	-	1,576
Theatre Relationship	550	(550)	-	-
Patents	17	(17)	-	-
Supplier Agreements	11,430	(11,384)	-	46
Intangible Assets	10,081	(161)	-	9,920
Software	3,200	(240)	-	2,960
Total Intangible Assets	$ 63,647	$ (41,645)	$ (1,968)	20,034

The Company's intangible assets include the following on March 31, 2021:

	Cost Basis	Accumulated Amortization	Impairment	Net
Trademark	$ 2,839	$ (382)	$ -	2,457
Content Library	23,148	(20,272)	-	2,876
Customer Relationships	22,137	(17,610)	-	4,527
Theatre Relationship	550	(550)	-	-
Total Intangible Assets	$ 48,674	$ (38,814)	$ -	9,860

Below is the amortization expense per year for the intangible assets:

	Total
2023	$ 2,734
2024	2,562
2025	1,730
2026	1,651
2027	1,651
Thereafter	9,706
Total	$ 20,034

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 Metaverse is in Hong Kong dollars and was translated into US dollars as of March 31, 2022 and 2021 at an exchange rate of 7.8 and 7.8 Hong Kong Dollars to 1 US Dollar, respectively. The fair value of this equity investment is measured by the quoted market price of Metaverse on the Stock Exchange of Hong Kong. The adjustment to fair value of this investment resulted in a gain of $585 and loss of $4,518 for the years ended March 31, 2022 and 2021, respectively.

The following tables summarize the levels of fair value measurements of our financial assets and liabilities as of March 31, 2022 and, 2021:

As of March 31, 2022

(in thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Equity investment in Metaverse, at fair value	$ 7,028	$ —	$ —	$ 7,028
	$ 7,028	$ —	$ —	$ 7,028
Liabilities:				
Current portion of earnout consideration on purchase of a business	$ —	$ —	$ 1,081	$ 1,081
Long term portion of earnout consideration on purchase of a business	—	—	603	603
	$ —	$ —	$ 1,684	$ 1,684

As of March 31, 2021

(in thousands)	Level 1	Level 2	Level 3	Total
Restricted cash	$ 1,000	$ —	$ —	$ 1,000
Equity investment in Metaverse, at fair value	6,443	—	—	6,443
	$ 7,443	$ —	$ —	$ 7,443

Our cash and cash equivalents, accounts receivable, unbilled revenue and accounts payable and accrued expenses are financial instruments and are recorded at cost in the consolidated balance sheets. The estimated fair values of these financial instruments approximate their carrying amounts because of their short-term nature.

ASSET ACQUISITIONS

An asset acquisition is an acquisition of an asset, or a group of assets, that does not meet the definition of a business. Asset acquisitions are accounted for by using the cost accumulation model whereby the cost of the acquisition, including certain transaction costs, is allocated to the assets acquired on the basis of relative fair values.

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 Company reassessed goodwill impairment on its annual measurement date of March 31, 2022 by performing a qualitative analysis and determined that it was not more likely than not that the fair value of its reporting unit is less than its carrying amount.

No goodwill impairment charge was recorded in the years ended March 31, 2022 and 2021.

Gross amounts of goodwill and accumulated impairment charges that we have recorded are as follows:

(In thousands)		
Goodwill at March 31, 2021	$	8,701
Goodwill from business combinations – see Note 4		12,383
Goodwill at March 31, 2022	$	21,084

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following:

(In thousands)	As of March 31, 2022	As of March 31, 2021
Accounts payable	$ 34,177	$ 30,111
Amounts due to producers, net	10,430	10,557
Accrued compensation and benefits	3,507	2,995
Accrued taxes (refund) payable	(78)	(99)
Interest payable	-	10
Accrued other expenses	3,989	3,053
Total accounts payable and accrued expenses	$ 52,025	$ 46,627

PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets consisted of the following:

(In thousands)	As of March 31, 2022	As of March 31, 2021
Non-trade accounts receivable	$ 826	$ 413
Advances	2,117	1,841
Due from producers	1,861	589
Prepaid insurance	169	409
Other prepaid expenses	820	405
Total prepaid and other current assets	$ 5,793	$ 3,657

Impairments and accelerated amortization related to advances were $1.2 million and $0.3 million, for the years ended March 31, 2022 and 2021, respectively.

REVENUE RECOGNITION

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 System 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

Our Cinema Equipment Business consists of financing vehicles and administrators for Systems installed nationwide in our first deployment phase ("Phase I Deployment") to theatrical exhibitors and for Systems installed domestically and internationally in our second deployment phase ("Phase II Deployment").

We retain ownership of our Systems and the residual cash flows related to the Systems in Phase I Deployment after the end of the 10-year deployment payment period.

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.

The Cinema Equipment Business also provides monitoring, data collection, serial data verification and management services to this segment, as well as to exhibitors who purchase their own equipment, in order to collect virtual print fees ("VPFs") from motion picture studios and distributors and Alternative Content Fees ("ACFs") from alternative content providers, and to distribute those fees to theatrical exhibitors (collectively, "Services").

VPFs are earned, net of administrative fees, pursuant to contracts with movie studios and distributors, whereby amounts are payable by a studio to Phase I Deployment and to Phase II Deployment when movies distributed by the studio are displayed on screens utilizing our Systems installed in movie theatres. VPFs are earned and payable to Phase I Deployment 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 the title first plays for general audience viewing in a digital projector equipped movie theatre. The Phase 1 Deployment's and Phase 2 Deployments performance obligations for revenue recognition are met at this time.

Phase II Deployment'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 II Deployment 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 II Deployment 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, that it is not probable to conclude at this point in time that a significant reversal in the amount of cumulative revenue recognized will 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 typically pursue the sale of the Systems to such exhibitors. Cinedigm recognizes revenue once the customer takes possession of the Systems and Cinedigm received the sale proceeds. Such sales were originally contemplated as the conclusion of the digital cinema deployment plan. Total system sales executed was $6.1 million and $6.7 million, during the year ended March 31, 2022 and 2021, respectively. 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 Phase II of 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 II Deployment 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 division 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" or "OTT Streaming and Digital"), and physical goods (e.g., DVDs and Blu-ray Discs) ("Physical Revenue" or "Base Distribution Business"). Fees earned are typically a percentage based on the net amounts received from our customers. 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 transactional, subscription and ad supported/free ad-supported streaming TV ("FAST") on the digital platforms, and shipment of DVDs and Blu-ray Discs. Revenue is recognized at the point in time when the content is available for subscription on the digital platform (the company's digital content is considered functional IP), 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. Physical revenue from the sale of physical goods is recognized after deducting the reserves for sales returns and other allowances, which are accounted for as variable consideration.

Reserves for potential sales returns of physical goods 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 are 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.

The Company follows the five-step model established by ASC 606 when preparing its assessment of revenue recognition

Principal Agent Considerations

Revenue earned by our CEG business from the delivery of digital content and physical goods may be recognized gross or net depending on the terms of the arrangement. 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.

Shipping and Handling

Shipping and handling costs are incurred to move physical goods (e.g., DVDs 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.

Credit Losses

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 is variable consideration as part of the transaction price. If actual future returns and allowances differ from past experience, adjustments to our allowances may be required.

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.

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.

Deferred revenue pertaining to our Content & Entertainment Business includes amounts related to the sale of DVDs 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, 2022 was $0.2 million. For the year ended March 31, 2022, 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. For year ended March 31, 2022 and March 31, 2021, there was $11,792,210 and $14,433,054, respectively, included in accounts payable that represents a refund liability, a portion or all of which may be recognized as revenue upon completion of audit periods.

During the year ended March 31, 2022, $813 thousand of revenue was recognized that was included in the deferred revenue balance at the beginning of the year. During the year ended March 31, 2022, $3.9 million of revenue was recognized that was included in the accounts payable balance as constrained variable consideration at the beginning of the year. The Company recognized the revenue related once the uncertainty associated with the variable consideration was resolved.

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.

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, Services, and Digital System Sales, and the Content & Entertainment 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, 2022 and 2021 (in thousands):

	Year Ended March 31,	
	2022	**2021**
Cinema Equipment Business:		
Phase I Deployment	$ 654	$ 552
Phase II Deployment	4,810	1,531
Services	1,428	539
Digital System Sales	11,267	600
Total Cinema Equipment Business revenue	$ 18,159	$ 3,222
Content & Entertainment Business:		
Physical Goods	$ 10,447	$ 10,230
OTT Streaming and Digital	27,448	17,967
Total Content & Entertainment Business revenue	$ 37,895	$ 28,197

Concentrations

For the fiscal year ended March 31, 2022, two customers, Amazon and Distribution Solutions each represented 18% and 25% respectively of CEG's revenues and approximately 6% and 8%, respectively, of our consolidated revenues. For the fiscal year ended March 31, 2021, Amazon and Distribution Solutions represented 15% and 22% respectively of CEG's revenues and approximately 9% and 13%, respectively, of our consolidated Revenues.

DIRECT OPERATING COSTS

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

STOCK-BASED COMPENSATION

The Company issues stock-based awards to employees and non-employees, generally in the form of restricted stock, restricted stock units, stock appreciation rights and performance stock units. The Company accounts for its stock-based compensation awards in accordance with FASB ASC Topic 718, Compensation —Stock Compensation ("ASC 718"). ASC 718 requires all stock-based payments, including grants of stock options and restricted stock units and modifications to existing stock options, to be recognized in the consolidated statements of operations and comprehensive loss based on their fair values. The Company measures the compensation expense of employee and nonemployee services received in exchange for an award of equity instruments based on the fair value of the award on the grant date. That cost is recognized on a straight-line basis over the period during which the employee and nonemployee is required to provide service in exchange for the award. The fair values of options and stock appreciation rights are calculated as of the date of grant using the Black-Scholes option pricing model based on key assumptions such as stock price, expected volatility and expected term. The Company's estimates of these assumptions are primarily based on the trading price of the Company's stock, historical data, peer company data and judgment regarding future trends and factors.

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:

$$\text{Basic net income (loss) per common share attributable to common stockholders} = \frac{\text{Net loss attributable to common stockholders}}{\text{Weighted average number of common stock outstanding during the period}}$$

$$\text{Diluted net income (loss) per common share attributable to common stockholders} = \frac{\text{Net loss attributable to common stockholders}}{\text{Weighted average number of common stock outstanding during the period plus potential dilutive shares}}$$

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 had net income for the year ended March 31, 2022, and therefore the impact of potentially dilutive common shares from outstanding stock options, stock appreciation rights, and warrants, totaling 3,184,247 shares for the year ended March 31, 2022, respectively, was included in the computations of diluted earnings per share. The calculation of diluted net income per share for the year ended March 31, 2022 does not include the impact of 6,156,432 potentially dilutive shares relating to stock options, stock appreciation rights, and warrants as their impact would have been anti-dilutive as their exercise prices are above the Company's average Common Stock price during the period.

We incurred a net loss for the year ended March 31, 2021, and therefore the impact of potentially dilutive common shares from outstanding stock options and warrants, totaling 11,127,539 shares as of March 31, 2021, were excluded from the computations of loss per share as their impact would have been anti-dilutive.

COMPREHENSIVE LOSS

For the year ended March 31, 2022 and 2021, comprehensive loss consisted of net loss and foreign currency translation adjustments.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Adopted

On December 18, 2019, the FASB issued ASU 2019-12, "*Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes,*" which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The update also simplifies GAAP for other areas of Topic 740 by clarifying and amending existing guidance to improve consistent application. The amendment in this update is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. The Company adopted this guidance on April 1, 2021 and the adoption of this ASU did not have a material impact on our 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 fiscal 2023. The Company is currently evaluating the effect that ASU 2016-13 will have on its consolidated financial statements and related disclosures.

3. 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, 2022 and March 31, 2021, 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 receivable was $0.8 million and $0.3 million as of March 31, 2022 and March 31, 2021, respectively, which are included in accounts receivable, net on the accompanying consolidated balance sheets.

The accompanying Consolidated Statements of Operations include $0.8 million and $128 thousand of digital cinema servicing revenue from CDF2 Holdings for the year ended March 31, 2022 and 2021, respectively.

Total Stockholders' Deficit of CDF2 Holdings at March 31, 2022 and March 31, 2021 was $55.6 million and $46.3 million, respectively. We have no obligation to fund the operating loss or the stockholders' deficit beyond our initial investment of $2.0 million and, accordingly, our investment in CDF2 Holdings as of March 31, 2022 and March 31, 2021 is carried at $0.

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.

Investment in Roundtable

On March 15, 2022, the Company entered into a stock purchase agreement with Roundtable Entertainment Holdings, Inc. ("Roundtable") pursuant to which the Company purchased 500 shares of Roundtable Series A Preferred Stock and warrants to purchase 100 shares of Roundtable Common Stock (together, the "Roundtable Securities"). The Company paid the purchase price for the Roundtable Securities by issuing to Roundtable 316,937 shares of Common Stock is based on the closing price of the company on the date of the purchase. The Company recorded $0.2 million for the purchase of the Roundtable Securities which is included in other long-term assets on the consolidated balance sheet. The investment in the Roundtable Securities was made in connection with a proposed collaboration with Roundtable regarding production and distribution of streaming content including the launch of high profile branded enthusiast streaming channels. The Roundatble investment was accounted for using the cost method.

4. BUSINESS COMBINATIONS

FoundationTV, Inc.

On May 12, 2021, the Company entered into a stock purchase agreement (the "Foundation Stock Purchase Agreement") with FoundationTV, Inc. ("FoundationTV"), to buy all of FoundationTV´s issued and outstanding stock in consideration of an aggregate of $5.2 million, of which $0.7 million was paid in cash and 1,483,129 shares of Common Stock, which were valued at $2.5 million, were issued at closing stock price of $1.69 on the closing date of June 9, 2021, and an additional $2.0 million will be paid in eight equal installments of one installment on each six month anniversary of closing over forty-eight months, and a final lump sum payment of $225 thousand on the four year anniversary of the closing, reduced by $0.2 million settlement of a prior relationship. The Foundation Stock Purchase Agreement contained 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 June 9, 2021, the FoundationTV acquisition was consummated. The Company incurred transaction costs of $36 thousand during the year ended March 31, 2022. As of March 31, 2022, the deferred consideration initially measured by bringing to present value the agreed-upon cash payments discounted by a 3% rate, includes a $0.5 million short-term payable and a long-term payable for $1.5 million. FoundationTV is included as a part of the Content & Entertainment segment.

Purchase Price	
Purchase Price	$ 5,237
Total purchase price	$ 5,237
Allocation of purchase price	
Developed technology	3,200
Deferred tax liability	(888)
Goodwill	2,925
Total allocation of purchase price	$ 5,237

The developed technology acquired in this transaction has a useful life of 10 years. During the year ended March 31, 2022, the Company recorded $240 thousand in amortization expense related to the developed technology acquired in the acquisition.

Below is the amortization expense per year for the developed technology acquired in the business combination:

2023	$ 320
2024	320
2025	320
2026	320
2027	320
2028	320
2029	320
2030	320
2031	320
2032	80
Total	$ 2,960

Bloody Disgusting, LLC

On September 17, 2021, the Company entered into an asset purchase agreement (the "Bloody Disgusting Asset Purchase Agreement") with Bloody Disgusting, LLC ("Bloody Disgusting"), to buy substantially all of the assets of Bloody Disgusting, in consideration of an aggregate of $7.8 million, of which $4.0 million was paid in cash and 1,039,501 shares of Common Stock, which were valued at $2.3 million, were issued at closing stock price of $2.23 on the closing date of September 17, 2021, and $1.7 million as of the fair value of the earnout liability, related to earnout targets, as defined, to be met as of March 2022, March 2023 and March 2024. The fair value of the earnout liability was estimated considering the weighted probability of scenarios on the earnout metrics possible outcomes during the earnout period. The Bloody Disgusting Asset Purchase Agreement contained certain conditions to closing and representations and warranties and covenants as are customary for transactions of this type. On September 17, 2021, the Bloody Disgusting acquisition was consummated. Bloody Disgusting, LLC is included as a part of the Content & Entertainment segment.

Purchase Price	
Purchase Price	$ 7,780
Total purchase price	$ 7,780
Allocation of purchase price	
Current assets	9
Advertiser relationships	3,750
Trade name	1,100
Goodwill	2,921
Total allocation of purchase price	$ 7,780

The advertiser relationships acquired in this transaction has a useful life of 12 years and the trade name acquired has a useful life of 10 years. During the year months ended March 31, 2022, the Company recorded $211 thousand in amortization expense related to the intangible assets acquired.

Below is the amortization expense per year for the intangible assets acquired in the business combination:

	Advertiser relationships	Trade name	Total
2023	$ 313	$ 110	$ 423
2024	313	110	423
2025	313	110	423
2026	313	110	423
2027	313	110	423
2028	313	110	423
2029	313	110	423
2030	313	110	423
2031	313	110	423
2032	313	55	368
2033	313	—	313
2034	151	—	151
Total	3,594	1,045	$ 4,639

DMR

The Company entered into an Equity Purchase Agreement among the Company, and David Chu, Augustine Hong, Helen Hong, Michael Hong, Justin Lee, Steven Park, and Kingsoon Ong (collectively, the "Sellers") and David Chu as representative of the Sellers (the "DMR Agreement") to acquire all of the outstanding membership interests of Asian Media Rights, LLC d/b/a Digital Media Rights ("DMR"), a diversified specialty streaming, advertising, and content distribution company with significant expertise in building audiences for global content in North America (the "Transaction").

On March 25, 2022, the Company executed the Amended and Restated Equity Purchase Agreement (the "A&R DMR Agreement") among the Company, the Sellers and David Chu as representative of the Sellers that amended and restated the DMR Agreement. Pursuant to the A&R DMR Agreement, the purchase price for the Transaction is $14,794,000 , subject to working capital and other adjustments, consisting of (1) $8,000,000 in cash paid at the closing of the Transaction and (ii) $8,400,000 paid, at the Company's option, in either cash or Common Stock at its then market value, as follows: (a) $3,000,000 on the first anniversary of the closing of the Transaction, (b) $3,000,000 on the second anniversary of the closing of the Transaction, and (c) $2,400,000 on the third anniversary of the closing of the Transaction. DMR is included as a part of the Content & Entertainment segment.

Purchase Price	
Purchase Price	$ 14,794
Total purchase price	$ 14,794
Allocation of purchase price	
Cash and cash equivalents	862
Accounts receivable	1,531
Prepaid expense	55
Other receivables	3
Right of use asset - operating	841
Furniture & fixtures	6
Computers and related equipment	28
Deposits	43
Channel & platform	6,300
Content rights	299
Investment in Kor TV	300
Goodwill	6,537
Short term liabilities	(1,450)
Long term liabilities	(561)
Total allocation of purchase price	$ 14,794

The content library acquired in this transaction has a useful life of 13 years and channel acquired has a useful life of 13 years. During the year ended March 31, 2022, the Company recorded $0 in amortization expense related to the intangible assets acquired.

Below is the amortization expense per year for the intangible assets acquired in the business combination:

	Content Library	**Channel**	**Total**
2023	$ 23	$ 485	$ 508
2024	23	485	508
2025	23	485	508
2026	23	485	508
2027	23	485	508
2028	23	485	508
2029	23	485	508
2030	23	485	508
2031	23	485	508
2032	23	485	508
2033	23	485	508
2034	23	485	508
2035	23	480	503
Total	$ 299	$ 6,300	$ 6,599

Combined

The amounts of revenue and net loss for the acquired companies included in the Company's consolidated statement of operations for the period ending in March 31, 2022 are as follows:

(In thousands)	**Total 2022**

Revenue	$ 1,319
Net Loss	$ (133)

Proforma Information (Unaudited)

The unaudited proforma information in the table below summarizes the combined results of operations for the Company and its acquisitions of Foundation TV, Inc., Bloody Disgusting, LLC and DMR as if these acquisitions had been included in the consolidated results of the Company since April 1, 2020 for the each of the two entire years ended March 31, 2022 and 2021:

(In thousands)	Proforma	
	2022	2021
Revenue	$ 64,158	$ 39,513
Net Income (Loss)	$ 945	$ (53,570)

5. NOTES PAYABLE

Notes payable consisted of the following:

	March 31, 2022		March 31, 2021	
(In thousands)	Current Portion	Long Term Portion	Current Portion	Long Term Portion
Prospect Loan	$ —	$ —	$ 7,786	$ —
Total non-recourse notes payable	—	—	7,786	—
Total non-recourse notes payable, net of unamortized debt issuance costs and debt discounts	$ —	$ —	$ 7,786	$ —
Credit Facility	—	—	1,956	—
PPP Loan	—	—	—	2,152
Total recourse notes payable	—	—	1,956	2,152
Less: Unamortized debt issuance costs and debt discounts	—	—	—	—
Total recourse notes payable, net of unamortized debt issuance costs and debt discounts	$ —	$ —	$ 1,956	$ 2,152
Total notes payable, net of unamortized debt issuance costs	$ —	$ —	$ 9,742	$ 2,152

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.

Prospect Loan

In February 2013, our subsidiaries Cinedigm DC Holdings, LLC ("CDCH"), Access Digital Media, Inc ("AccessDM") and Access Digital Cinema Phase 2, Corp. ("Phase 2 DC") entered into a term loan agreement (the "Prospect Loan" or the "Term Loan Agreement") with Prospect Capital Corporation ("Prospect"), pursuant to which CDCH borrowed $70.0 million. The Prospect Loan included interest at LIBOR plus 9.0% (with a 2.0% LIBOR floor), which was payable in cash, and at an additional 2.50% accrued as an increase to the aggregate principal amount of the Prospect Loan until the Prospect Loan was paid off, at which time all accrued interest became payable in cash.

Collections of CDCH accounts receivable were deposited into accounts designated to pay certain operating expenses, principal, interest, fees, costs and expenses relating to the Prospect Loan. On a quarterly basis, if there was excess cash flow, it was used for prepayment of the Prospect Loan. We also maintained a debt service fund under the Prospect Loan for future principal and interest payments. As of March 31, 2022, and March 31, 2021, the debt service fund had a balance of $0 and $1.0 million, respectively, which was classified as part of restricted cash on our Consolidated Balance Sheets.

On March 4, 2021, CDCH, AccessDM, Phase 2 DC, Christie/AIX, Inc., Cinedigm Digital Funding I, LLC, certain Lenders, and Prospect Capital Corporation, as administrative agent and collateral agent, entered into Amendment No. 3 (the "Prospect Amendment") to the Term Loan Agreement. Under the Prospect Amendment, the maturity date of the loan under the Term Loan Agreement was extended to March 31, 2022. As a condition to the effectiveness of the Amendment, CDCH paid $3,500,000 to Prospect to reduce the outstanding principal amount of the Loan.

The Prospect Loan was 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 was also guaranteed by AccessDM and Phase 2 DC. We provided limited financial support to the Prospect Loan not to exceed $1.5 million per year in the event financial performance did not meet certain defined benchmarks.

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

Upon a series of payments between April 30 and July 9, 2021, the Company paid in full the Prospect Loan outstanding non-recourse debt amount by paying an aggregate principal amount of $7.8 million. Pre-payment of the Prospect Loan was permissible without penalty.

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

(In thousands)	As of March 31, 2022	As of March 31, 2021
Prospect Loan, at issuance	$ 70,000	$ 70,000
PIK Interest	8,016	6,397
Payments to date	(78,016)	(68,611)
Prospect Loan, gross	$ —	$ 7,786
Less unamortized debt issuance costs and debt discounts	—	—
Prospect Loan, net	—	7,786
Less current portion	—	(7,786)
Total long term portion	$ —	$ —

Bison Convertible Note

The Bison Convertible Note had a term ending on March 4, 2021, and bears interest at 5% per annum. The principal was due on March 4, 2021, 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 was 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.

On September 11, 2020, Bison Global converted the Bison Convertible Note in full into an aggregate of 6,666,667 shares of Common Stock at a conversion price of $1.50 per share. Accordingly, the Bison Convertible Note has been extinguished. In accordance with ASC 470, the Company recognized a loss on extinguishment of $285 thousand related to unamortized debt issuance costs for the nine months ended December 31, 2020.

Credit Facility and Cinedigm Revolving Loans

On March 30, 2018, the Company entered into 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 "Credit Facility") 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.

On July 3, 2019, the Company entered into an amendment to the Credit Facility (the "EWB Amendment"). 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 Credit Facility. On June 25, 2020, the Company and East West Bank amended the Credit Facility to extend the maturity of the Credit Facility to June 30, 2021 and waive events of default provisions. On June 22, 2021, the maturity date of the Credit Facility was extended to September 28, 2021. During this extension period, unless an amendment had been entered into, we were not able to access any additional borrowings under the Credit Facility. The September 28, 2021 expiration date has passed and the agreement was not extended.

As of March 31, 2022 and March 31, 2021, there was $0 and $2.0 million outstanding, respectively.

PPP Loan

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 "PPP 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 PPP Maturity Date. The Company used 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 were intended to be eligible for forgiveness, subject to the provisions of the CARES Act, and could be subject to repayment. On July 7, 2021, the Company received notification from the lender that the U.S. Small Business Administration had approved the Company's PPP Loan forgiveness application for the entire PPP Loan amount and accrued interest effective June 30, 2021. For the year ended March 31, 2022, the Company recognized a gain on extinguishment of note payable of $2,178 in the statement of operations for the forgiveness of PPP loan principal and interest.

6. STOCKHOLDERS' EQUITY (DEFICIT)

COMMON STOCK

Authorized Common Stock

On October 11, 2021, the Company filed a Certificate of Amendment to the Fifth Amended and Restated Certificate of Incorporation, pursuant to which the number of shares of Common Stock authorized for issuance was increased to 275,000,000 shares.

During the year ended March 31, 2022, the Company issued 9,085,016 shares of Common Stock which consist of the sale of shares of our Common Stock, issuance of Common Stock for business combinations, the issuances of Common Stock in payment of preferred stock dividends and in payment of board retainer fees, and the issuance of Common Stock as payment pursuant to a Stock Purchase Agreement (See Note 3).

PREFERRED STOCK

Cumulative dividends in arrears on preferred stock were $0.1 million and $0.1 million as of March 31, 2022 and March 31, 2021, respectively. In May 2021 and October 2021, we paid preferred stock dividends in arrears in the form of 53,278 and 102,697 shares of Common Stock, respectively.

TREASURY STOCK

We have treasury stock, at cost, consisting of 1,315,851 and 1,313,836 shares of Common Stock at March 31, 2022 and March 31, 2021, respectively.

CINEDIGM'S EQUITY INCENTIVE PLANS

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 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 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 initial equity investment in Cinedigm by Bison, 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 Common Stock to employees, outside directors and consultants.

As of March 31, 2022, there were 217,337 stock options outstanding in the 2000 Plan with weighted average exercise price of $14.49 and a weighted average contract life of 1.54 years. As of March 31, 2021, there were 261,587 shares pursuant to stock options outstanding in the Plan with weighted average exercise price of $14.99 and a weighted average contract life of 2.11 years. A total of 44,000 options expired and 250 options forfeited during the year ended March 31, 2022.

Options outstanding under the 2000 Plan as of March 31, 2022 is as follows:

	As of March 31, 2022			
Range of Prices	**Options Outstanding**	**Weighted Average Remaining Life in Years**	**Weighted Average Exercise Price**	**Aggregate Intrinsic Value (In thousands)**
$7.40	5,000	3.25	$ 7.40	$ —
$14.00 - $24.40	212,337	1.50	14.65	—
	217,337			$ —

An analysis of all options exercisable under the 2000 Plan as of March 31, 2022 is presented below:

Options Exercisable	**Weighted Average Remaining Life in Years**	**Weighted Average Exercise Price**	**Aggregate Intrinsic Value (In thousands)**
217,337	1.54	$ 14.49	—

In August 2017, the Company adopted the 2017 Equity Incentive Plan (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 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 did 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 Common Stock authorized for issuance thereunder from 2,108,270 shares to 4,098,270.

On October 23, 2020, the Company amended its 2017 Plan to increase the number of shares authorized for issuance thereunder from 4,098,270 to 14,098,270.

On October 11, 2021, the Company amended its 2017 Plan to increase the number of shares authorized for issuance thereunder from 14,098,270 to 18,098,270.

During the year ended March 31, 2022, the Company granted 2,025,250 stock appreciation rights ("SARs"). The SARs were granted under the 2017 Plan, except for 600,000 SARs granted to an officer of the Company as an inducement grant. All SARs issued have an exercise price equal to the fair value of the Company's Common Stock on the date of grant and a maturity date of 10 years. The SARs were valued on the grant date utilizing an option pricing model, as follows:

Grant Date: May 23, 2021 – November 30, 2021

Maturity Date: May 23, 2031 – November 30, 2031

Exercise price: $1.29 - $2.56

Volatility: 94.56% - 114.42%

Discount rate: 0.96% - 1.63%

Expected term: 6 – 6.5 years

Stock appreciation rights outstanding under the 2017 Plan as of March 31, 2022 is as follows:

	As of March 31, 2022			
Range of Prices	SARs Outstanding	Weighted Average Remaining Life in Years	Weighted Average Exercise Price	Aggregate Intrinsic Value (In thousands)
$0.54 - $0.74	5,550,000	8.74	$ 0.62	$ 1,208
$1.16 - $1.47	2,283,610	7.90	1.37	—
$1.71 - $2.10	2,455,738	8.91	1.97	—
$2.23 - $2.56	604,250	9.60	2.32	—
	10,893,598			$ 1,208

An analysis of all stock appreciation rights exercisable under the 2017 Plan as of March 31, 2022 is presented below:

SAR Exercisable	Weighted Average Remaining Life in Years	Weighted Average Exercise Price	Aggregate Intrinsic Value (In thousands)
2,521,323	7.01	$ 1.14	158

Total SARs outstanding are as follows:

	Year Ended March 31, 2022
SARs Outstanding March 31, 2021	9,154,933
Issued	2,025,250
Forfeited	(286,585)
Total SARs Outstanding March 31, 2022	10,893,598

In addition, in during the year ended March 31, 2022, the Company granted performance stock unit awards under the 2017 Plan to employees of the Company that vest upon certain performance goals being achieved. Upon vesting the award shares are issued to the employee. Following is the activity for performance stock unit awards:

	Shares	Weighted Average Grant Date Fair Value
Unvested balance at April 1, 2021	-	$
Granted	1,317,554	$ 1.25
Vested	(621,275)	$ 1.25
Unvested balance at March 31, 2022	696,280	$ 1.25

During the year ended March 31, 2022, 366,056 shares were issued for vested awards and 255,219 are to be issued as of March 31, 2022.

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

	Year Ended March 31,	
(In thousands)	2022	2021
Selling, general and administrative	$ 5,487	$ 2,892
	$ 5,487	$ 2,892

There was $1 and $5 thousand of stock-based compensation recorded for the year ended March 31, 2022 and 2021, respectively, related to employees' restricted stock awards.

There was $386 thousand and $293 thousand of stock-based compensation for the year ended March 31, 2022 and 2021, respectively, related to board of directors. During the year ended March 31, 2022, the Company issued 280,690 restricted shares to non-employee directors.

OPTIONS GRANTED OUTSIDE CINEDIGM'S EQUITY INCENTIVE PLAN

In October 2013, we issued options outside of the 2000 Plan to 10 individuals who became employees as a result of a business combination. The employees received options to purchase an aggregate of 62,000 shares of our Common Stock at an exercise price of $17.50 per share. The options were fully vested as of October 2017 and expire 10 years from the date of grant, if unexercised. As of March 31, 2022, 12,500 of such options remained outstanding.

WARRANTS

The following table presents information about outstanding warrants to purchase shares of our Common Stock as of March 31, 2022. All of the outstanding warrants are fully vested and exercisable.

Recipient	Amount outstanding	Expiration	Exercise price per share
5-year Warrant issued to Bison Entertainment and Media Group(" BEMG") in connection with a term loan agreement	1,400,000	December 2022	$ 1.80

Warrants for the purchase of 298,519 shares of Common Stock expired unexercised during the year ended March 31, 2022.

7. COMMITMENTS AND CONTINGENCIES

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

The Company leases office space under an operating lease. 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, 2022 and March 31, 2021:

(In thousands)	Classification on the Balance Sheet	March 31, 2022	March 31, 2021
Assets			
Noncurrent	Operating lease right-of-use asset	$ 749	$ 100
Liabilities			
Current	Operating leases – current portion	258	87
Noncurrent	Operating leases – long-term portion	491	13
Total operating lease liabilities		$ 749	$ 100

The weighted average life remaining is 35 months and the weighted average interest rate 3.38%.

Lease Costs

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

(In thousands)	Year Ended March 31, 2022	Year Ended March 31, 2021
Operating lease cost	$ 125	$ 195
Total lease cost	$ 125	$ 195

Other Information

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

(In thousands)	Year Ended March 31, 2022	Year Ended March 31, 2021
Cash paid for amounts included in the measurement of lease liabilities	83	197
Operating cash flows used for operating leases	$ 83	$ 197

Distribution arrangement minimum guaranty

On September 1, 2021 the Company extended a video works distribution arrangement providing a non-refundable and fully-recoupable advance minimum participation guaranty for a total amount of $3.5 million, where $1.5 million is payable no later than November 1, 2021, $1.0 million at the first year anniversary of the arrangement and $0.9 million on the second-year anniversary of the arrangement. These payments are subject to the selection of video works released by the Company whose initial commercial date occurs during the arrangement year. The Company paid the first advance on October 22, 2021.

Hyde Park Agreement

On January 5, 2022, the Company entered into a letter agreement with Hyde Park Entertainment, Inc. ("Hyde Park"), pursuant to which the Company and Hyde Park are collaborating on the development, production and/or distribution of a project based on the novel *Audition* by Ryu Murakami (the "Audition Project"). Each of the Company and Hyde Park owns 50% of the rights in connection with the Audition Project. The Company paid $100 thousand to Hyde Park plus $26 thousand in legal fees to counsel for the Audition project. Ashok Amritraj, a director of the Company, is the Chairman and CEO of Hyde Park and has an interest in 100% of the revenues of Hyde Park. Ashok Amritraj is a current board member and related party to the Company.

8. SUPPLEMENTAL CASH FLOW INFORMATION AND DISCLOSURE OF NON-CASH INVESTMENTING AN FINANCING ACTIVITY

	Year Ended March 31,	
(In thousands)	**2022**	**2021**
Cash interest paid	$ 780	$ 4,052
Income taxes paid	79	232
Accrued dividends on preferred stock	-	89
Issuance of Class A common stock for payment of preferred stock dividends	354	356
Issuance of Class A common stock to Metaverse, a related party	-	11,046
Contributed capital under the Metaverse transaction, a related party	-	17,187
Settlement of second lien loan with Class A common stock	-	6,485
Conversion of note payable	-	15,067
Class A common stock to be issued in connection with the asset acquisition	-	2,905
Metaverse shares used to pay down vendors	-	897
Issuance of Class A common stock for business combination	4,825	-
Deferred consideration in purchase of a business	8,987	-
Earnout consideration in purchase of a business	1,461	-
Treasury shares acquired for withholding taxes	5	-

9. SEGMENT INFORMATION

We operate in two reportable segments: Cinema Equipment Business and Content & Entertainment Business. 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 is generally the segment's operating income (loss) before depreciation and amortization.

Operations of:	**Products and services provided:**
Cinema Equipment Business	Financing vehicles and administrators for 696 Systems installed nationwide in our first deployment phase ("Phase I Deployment") to theatrical exhibitors and for 2,147 Systems installed domestically and internationally in our second deployment phase ("Phase II Deployment"). 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. The Cinema Equipment Business segment 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").
Content & Entertainment Business	Leading independent streaming company of content and channels. We collaborate with producers and other content owners to market, source, curate and distribute independent content to targeted and under-served audiences in theatres and homes, and via mobile and emerging platforms.

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

	As of March 31, 2022					
(In thousands)	Intangible Assets, net	Goodwill	Total Assets	Notes Payable, Non-Recourse	Notes Payable	Operating lease liabilities
Cinema Equipment Business	$ —	$ —	$ 24,445	$ —	$ —	$ —
Content & Entertainment Business	19,946	21,084	68,873	—	—	—
Corporate	88	-	11,318	—	—	749
Total	$ 20,034	$ 21,084	$ 104,636	$ —	$ —	$ 749

	As of March 31, 2021					
(In thousands)	Intangible Assets, net	Goodwill	Total Assets	Notes Payable, Non-Recourse	Notes Payable	Operating lease liabilities
Cinema Equipment Business	$ —	$ —	$ 13,169	$ 7,786	$ —	$ 1
Content & Entertainment Business	9,858	8,701	42,733	—	—	69
Corporate	2	—	19,544	—	4,108	30
Total	$ 9,860	$ 8,701	$ 75,446	$ 7,786	$ 4,108	$ 100

	Statements of Operations Year Ended March 31, 2022 (in thousands)			
	Cinema Equipment Business	Content & Entertainment Business	Corporate	Consolidated
Revenues	$ 18,159	$ 37,895	$ -	$ 56,054
Direct operating (exclusive of depreciation and amortization shown below)	687	20,207	-	20,894
Selling, general and administrative	1,890	13,935	14,211	30,036
Allocation of corporate overhead	560	3,752	(4,312)	-
Provision for (recovery of) doubtful accounts	(485)	-	-	(485)
Intangible Impairment	-	1,968	-	1,968
Depreciation and amortization of property and equipment	1,160	571	3	1,734
Amortization of intangible assets	-	2,830	2	2,832
Total operating expenses	3,812	43,263	9,904	56,979
Income (loss) from operations	$ 14,347	$ (5,368)	$ (9,904)	$ (925)

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

(In thousands)	Cinema Equipment Business	Content & Entertainment Business	Corporate	Consolidated
Direct operating	$ —	$ —	$ —	$ —
Selling, general and administrative	—	1,034	4,453	5,487
Total stock-based compensation	$ —	$ 1,034	$ 4,453	$ 5,487

	Statements of Operations Year Ended March 31, 2021 (in thousands)			
	Cinema Equipment Business	Content & Entertainment Business	Corporate	Consolidated
Revenues	$ 3,222	$ 28,197	$ —	$ 31,419
Direct operating (exclusive of depreciation and amortization shown below)	683	15,420	—	16,103
Selling, general and administrative	2,277	9,798	9,917	21,992
Allocation of corporate overhead	586	3,872	(4,458)	—
Provision for (recovery of) doubtful accounts	(121)	(1)	—	(122)
Depreciation and amortization of property and equipment	3,916	461	27	4,404
Amortization and impairment of intangible assets	23	2,488	4	2,515
Total operating expenses	7,364	32,038	5,490	44,892
Income (loss) from operations	$ (4,142)	$ (3,841)	$ (5,490)	$ (13,473)

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	—	264	2,628	2,892
Total stock-based compensation	$ —	$ 264	$ 2,628	$ 2,892

11. INCOME TAXES

We recorded income tax (benefit) of $(0.8) million from operations and an income tax (benefit) of $(0.3) million for the years ended March 31, 2022 and 2021, respectively. For the year ended March 31, 2022, the $(0.8) income tax benefit primarily related to a net change of deferred tax liability resulted from the finalization of the acquisition of Foundation TV. The deferred tax liability was offset by a release of the Company's valuation allowance. The Company also recorded income tax expense of $0.1, which was mainly related to taxable income at the state level and timing differences related to fixed asset depreciation. The income tax benefit for the year ended March 31, 2021 was mainly related to changes in estimates from the timing of the income tax provision to the income tax return filings, related to state income tax expense.

The following table presents the components of income tax benefit (expense):

	For the Fiscal Year Ended March 31,	
(In thousands)	2022	2021
Federal:		
Current	$ —	$ —
Deferred	672	—
Total federal	672	—
State:		
Current	(100)	315
Deferred	216	—
Total State	116	315
Income tax benefit (expense)	$ 788	$ 315

Net deferred taxes consisted of the following:

(In thousands)	As of March 31, 2022	As of March 31, 2021
Deferred tax assets:		
Net operating loss carryforwards	$ 15,853	$ 15,019
Stock-based compensation	2,391	934
Intangibles	5,247	5,879
Accrued liabilities	1,216	1,054
Allowance for doubtful accounts	865	845
Investments	3,797	3,857
Nondeductible interest expense	3,654	3,693
Other	326	113
Total deferred tax assets before valuation allowance	33,349	31,394
Less: Valuation allowance	(33,212)	(30,969)
Total deferred tax assets after valuation allowance	$ 137	$ 425
Deferred tax liabilities:		
Depreciation and amortization	$ (137)	$ (425)
Total deferred tax liabilities	(137)	(425)
Net deferred tax	$ —	$ —

We have provided a valuation allowance equal to our net deferred tax assets for the years ended March 31, 2022 and 2021. 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 $2.2 million during the fiscal year ended March 31, 2022 was mainly due to increases in the deferred tax asset related to the net operating loss carryfoward and other timing differences. The net change in the valuation allowance of $13.4 million during the fiscal year ended March 31, 2021 was mainly due to increases in the deferred tax asset related to our investment in Starrise, a related party, and increases in the net operating loss carryforward. 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.

As of March 31, 2022, we had federal and state net operating loss carryforwards of approximately $55.2 million available in the United States of America (“U.S.”) to reduce future taxable income. U.S. federal and state net operating loss carryforwards of approximately $22.6 and $55.2 million, respectively, generally begin to expire in 2026. U.S. federal net operating loss carryforwards that were generated during the years ended March 31, 2020, 2021, and 2022 of approximately $32.6 million, do not expire.

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,	
	2022	**2021**
Provision at the U.S. statutory federal tax rate	21.0%	21.0%
State income taxes, net of federal benefit	(83.7)%	5.7%
Change in valuation allowance	137.0%	(26.7)%
Non-deductible expenses	31.5%	(3.4)%
Executive officer compensation limitation – Section 162(m)	2.8%	--
PPP loan forgiveness	(30.9)%	--
Losses from non-consolidated entities	(131.1)%	3.8%
Other	0.2%	0.1%
Income tax benefit /(expense)	(53.2)%	0.5%

We file income tax returns in the U.S. federal jurisdiction, various U.S. states, and Australia. For federal income tax purposes, our fiscal 2019 through 2022 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 2018 through 2022 tax years generally remain open for examination by most of the tax authorities under a four-year statute of limitations.

12. SUBSEQUENT EVENTS

On April 1, 2022, trading of Metaverse's ordinary shares was halted on the Hong Kong Stock Exchange. Unless and until trading is reinstated, the Company will not be able to obtain any readily available information or observable inputs on the quoted market prices of Metaverse's stock and therefore will need to change the valuation methodology of its investments in Metaverse.

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 Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in the Exchange Act), as of March 31, 2022. 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 were not effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported, on a timely basis, and (ii) accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures due to the material weaknesses identified in our internal control over financial reporting as of March 31, 2022.

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 not effective as of March 31, 2022.

Material Weakness on Internal Control Over Financial Reporting

In our Annual Report on Form 10-K for the fiscal year ended March 31, 2021, filed with the SEC on July 30, 2021, management concluded that our internal control over financial reporting was not effective as of March 31, 2021. In the evaluation, management identified material weaknesses in internal controls related to our financial close and reporting process and information and communication controls. Management also concluded that we did not have a sufficient complement of corporate personnel with appropriate levels of accounting and controls knowledge and experience commensurate with our financial reporting requirements to appropriately analyze, record and disclose accounting matters completely and accurately. As a result of this evaluation, management extensively used outside consultants who possessed the appropriate levels of accounting and controls knowledge.

Remediation. Following identification of this control deficiency, management is implementing modifications to better ensure that the Company has appropriate and timely reviews on all financial reporting analysis. The material weakness in our internal control over financial reporting will not be considered remediated until these modifications are implemented, in operation for a sufficient period of time, tested, and concluded by management to be designed and operating effectively. In addition, as we continue to evaluate and work to improve our internal control over financial reporting, management may determine to take additional measures to address control deficiencies or determine to modify our remediation plan. Management will test and evaluate the implementation of these modifications to ascertain whether they are designed and operating effectively to provide reasonable assurance that they will prevent or detect a material misstatement in the Company's financial statements.

The steps we took to address the deficiencies identified included:

- we hired a new Chief Financial Officer;
- we hired a new Executive Vice President ("EVP") Accounting;
- we have engaged in efforts to restructure accounting processes and revise organizational structures to enhance accurate accounting and appropriate financial reporting;
- we have hired additional experienced accounting personnel in the corporate office to enhance the application of accounting standards and our financial closing and reporting process;
- we have engaged external advisors to provide financial accounting and reporting assistance;
- we will enhance information and communication processes through information technology solutions to ensure that information needed for financial reporting is accurate, complete, relevant and reliable, and communicated in a timely manner; and
- we have engaged external advisors to evaluate and document the design and operating effectiveness of our internal control over financial reporting and assist with the remediation and implementation of our internal control function.

As noted above, we believe that, as a result of management's in-depth review of its accounting processes, and the additional procedures management has implemented, there are no material inaccuracies or omissions of material fact in this Form 10-K and, to the best of our knowledge, we believe that the consolidated financial statements in this Form 10-K fairly present in all material respects our financial condition, results of operations and cash flows in conformity with GAAP.

We and our Board treat the controls surrounding, and the integrity of, our financial statements with the utmost priority. Management is committed to the planning and implementation of remediation efforts to address control deficiencies and any other identified areas of risk. These remediation efforts are intended to both address the identified material weakness and to enhance our overall financial control environment. We are committed to maintaining a strong internal control environment, and we believe the measures described above will strengthen our internal control over financial reporting and remediate the material weakness we have identified. Our remediation efforts have begun, and we will continue to devote significant time and attention to these remedial efforts. As we continue to evaluate and work to improve our internal control over financial reporting, management may determine to take additional measures to strengthen controls or to modify the remediation plan described above, which may require additional implementation time.

Changes in Internal Control Over Financial Reporting

There have been no changes, other than our remediation efforts discussed above, in the Company's internal control over financial reporting during the fiscal quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

Christopher J. McGurk, 65, 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 currently serves on the board of IDW Media Holdings, Inc. (Pink:IDWM) and has previously served on the boards of BRE Properties, Inc., DivX Inc., DIC Entertainment, Pricegrabber.com, LLC and MGM Studios, Inc.

Ashok Amritraj, 66, has been a member of the Board since August 2021. He has been Chairman and CEO of Hyde Park Entertainment, Inc. ("Hyde Park") since 2000 and is an internationally renowned award-winning film producer, having made over 100 films during the span of his 35-year career. Mr. Amritraj is involved with philanthropic causes, and was appointed a United Nations India Goodwill Ambassador in 2016 and, in 2018, by decree of the President of the Republic of France, was appointed a Chevalier (Knight) of the Ordre National du Merité. Mr. Amritraj serves on the Producers A2025 Committee to advance inclusion and equitable opportunities at the Academy of Motion Picture Arts and Sciences as well as on the advisory board for the Dodge Film School at Chapman University.

Peter C. Brown, 63, 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.

Patrick W. O'Brien, 75, 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 Bentall-Kennedy Associates Real Estate Counsel where he represented pension fund ownership interests in hotel real estate investments nationwide. Mr. O'Brien has previously served as Chairman of the Board and CEO of Livevol, Inc., a private company that was a leader in equity and index options technology which was successfully sold to CBOE Holdings. During the past five years, Mr. O'Brien has also served on the boards of LVI Liquidation Corp., Creative Realities, Inc., ICPW Liquidation Trust, and Merriman Holdings, Inc.

Peixin Xu, 50, 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.

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, Erick Opeka, Executive Vice President and President of Cinedigm Digital Networks, and John K. Canning, Chief Financial Officer. Biographical information for Mr. McGurk is included above.

Gary S. Loffredo, 57, has been the Company's President since December 2020, Chief Operating Officer since February 2019, and General Counsel and Secretary since October 2011. He had previously served as President of Digital Cinema since 2011, 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. 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 two decades 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.

Erick Opeka, 48, has been the Company's Chief Strategy Officer since December 2020 and President of Cinedigm Networks since joining the Company in 2014, when, as EVP of Digital Networks, he 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.

John K. Canning, 56, joined Cinedigm in September 2021 as Chief Financial Officer. Prior to Cinedigm, Mr. Canning was the CFO of Firefly Systems Inc., an ad-tech startup in Silicon Valley, from 2019 to August 2021. From 2018-2019, he was the interim CFO at Tapjoy, Inc., also an ad-tech company. From 2016-2018, Mr. Canning was Group Vice President, Finance, at Discovery Channel Portfolio. Prior to that, Mr. Canning served in various finance leadership roles at various companies including Clear Channel Outdoor and The Walt Disney Company for a combined total of nearly 10 years. Prior to Disney, Canning enjoyed a successful management consulting career, spending more than a dozen years at prominent firms including Deloitte and KPMG.

Key Employees

The Company's key employees, other than executive officers, are Yolanda Macías, Chief Content Officer of Cinedigm Entertainment Group, and Tony Huidor, Chief Technology & Product Officer.

Yolanda Macías, 57, joined Cinedigm in 2013 and has been the Chief Content Officer of Cinedigm Entertainment Group since December 2020, in connection with which she is responsible for acquiring global content rights for all distribution and streaming platforms and oversees all third party digital sales and marketing. Previously, Ms. Macías has over 25 years of entertainment distribution experience, including executive positions at Vivendi/Universal from 2004 to 2012, DIRECTV from 1996 to 2003, and The Walt Disney Company from 1992 to 1995.

Tony Huidor, 53, has been the Company's Chief Technology & Product Officer since July 2021. Since joining Cinedigm in 2015, he has managed the launch and daily operations of the Company's portfolio of subscription and ad-supported digital-first channels, as well as overseeing overall product development of all desktop and mobile apps for Cinedigm's portfolio of streaming services. He conceived and designed Cinedigm's proprietary Matchpoint distribution platform which has allowed the Company to effectively streamline and scale its digital content distribution business. He previously served as Vice President of Operations for Universal Music Group (UMG) then later transitioned into VP of Technical Product Development for Universal Music Group Distribution (UMGD), where he played an integral part in establishing the company's digital and mobile business which generated significant revenue for the company. Prior to his tenure at Universal Music, he worked as Director of Product Development for the Walt Disney Internet Group where he was responsible for the creation and development of subscription-based video streaming products worldwide. In addition, he established Disney Mobile where he managed the creation and production of all premium mobile content worldwide across the Disney and Pixar portfolio of brands with a strong emphasis on the European and Asian-Pacific regions.

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 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 Common Stock failed to comply with Section 16(a) reporting requirements during the fiscal year ended March 31, 2022 (the "Last Fiscal Year").

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.

Stockholder 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, 264 West 40th Street, New York, NY 10018, 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 Last Fiscal Year, the Board held five (5) meetings and acted sixteen (16) 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. Amritraj, Brown and O'Brien 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 of stockholders.

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. Amritraj, Brown and O'Brien. Mr. Brown 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. Brown is financially literate, and Mr. Brown is financially sophisticated, as those terms are defined under the rules of Nasdaq. Mr. Brown is also a financial expert, as such term is defined under the Sarbanes-Oxley Act of 2002. Messrs. Amritraj, Brown and O'Brien 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 and O'Brien. Mr. O'Brien is the Chairman of the Compensation Committee. The Compensation Committee met ten (10) times during the Last Fiscal Year and acted one (1) time by unanimous written consent in lieu of holding a meeting. 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 and O'Brien 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 equity awards. The equity awards contain either or both performance targets and vesting provisions, both of which encourage 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 or other performance metrics. 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 provided guidance for cash and equity compensation to executive officers and directors, as requested, 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 and O'Brien. 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. Amritraj, Brown and O'Brien. 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. Amritraj, Brown and O'Brien 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 director 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 Board, shares equal in value to a minimum of three (3) times the value of the annual cash 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. As of March 31, 2022, each of Messrs. Brown, O'Brien and Xu currently meet the stock ownership guidelines, and Mr. Amritraj is within the three (3) year acquisition period.

Environmental, Social and Governance (ESG)

The Company is committed to responsible and sustainable business practices. We are currently in the process of building our ESG strategy, with the goal of transparently communicating about our most material ESG impacts and initiatives.

Sustainability

The Company is committed to working in a responsible and sustainable way to produce as few negative environmental effects as possible from our operations. Our core business does not result in any significant negative environmental effects. We note our leading role in the conversion, starting in 2005, from using analog films, which had to be shipped to theatre destinations, causing greenhouse gas emissions and ultimately waste of the film after use, to digital projection of virtually all major and independent studio films, which are now electronically delivered to theatre destinations. In addition, our current CEG business concentrates on digital and streaming distribution of content, which again is environmentally-friendly. This conversion and streaming approach significantly reduces the carbon footprint associated with the film exhibition industry.

Talent

We are evolving our culture and our human capital strategies to best serve all of our employees and align with our growth strategies and the changing social environments. We believe that fostering a culture that is values-based, responsible, ethical and inclusive motivates and empowers our employees, which enables us to attract and retain talented people, engage them in meaningful and inspiring work and, as a result, fulfill our business goals and objectives. We regularly engage with our employees to monitor their needs and expectations and respond to meet these evolving employee needs.

We provide market-competitive compensation and benefits to our employees. Our benefits programs are reviewed each year to ensure that we are meeting current practices in providing benefits that meet the health and safety needs of our employees. When special circumstances occur, such as the recent pandemic, we adjust our benefits to meet our employees' needs.

Health and Safety

We are focused on the health, safety and well-being of our employees. We provide mental and physical well-being programs to all employees. We have continued measures to reduce the impact of the COVID-19 pandemic to ensure employee health, safety and well-being.

Diversity, Equity and Inclusion

We are committed to diverse representation across all levels of our workforce to reflect the vibrant and thriving diversity of the communities which make up our customers, stockholders and home communities. Fostering a work environment that is culturally diverse, inclusive and equitable is important to us. We believe that our business accomplishments are a result of the efforts of our employees and that a diverse employee population will result in a better understanding of our customers' needs. We respect the unique attributes of each individual. Our DE&I purpose is to evolve the organization and our culture to reflect the customers and communities we serve, where differences in background, thought and experience are welcomed, valued and celebrated. We demonstrate purposeful actions and incorporate intentional practices to drive these inclusive behaviors in our daily work. We are committed to continually reviewing our operational practices and aligning DE&I initiatives with business objectives.

Social

We encourage our employees to give back to the community. In 2021, we initiated a Community Service Policy that provides paid time off to employees volunteering with qualified charitable organizations or causes (which organizations or causes may not discriminate based on creed, race, color, national origin, religion, age, disability, sex, gender, identity, sexual orientation, pregnancy or any other legally protected classification). In addition, we have implemented a summer internship program in conjunction with C5 Youth Foundation of Southern California, a non-profit inner-city youth program. This 8-week program will provide for four college students to rotate through four departments at Cinedigm.

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, 2022 ("Fiscal 2022"). 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 49, which provide historical compensation information for the following NEOs:

NEOs	Title
Christopher J. McGurk	Chairman and Chief Executive Officer
Gary S. Loffredo	President, Chief Operating Officer, General Counsel and Secretary
Erick Opeka	Chief Strategy Officer and President of Cinedigm Digital Networks

Quick CD&A Reference Guide

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 equity, and long-term equity incentives.

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 consultant 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 uses 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. During Fiscal 2022, no changes were made to CEO or other NEO compensation. The current CEO and other NEO target compensation was set during fiscal 2021 based on a competitive assessment conducted at that time. 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.

The most recent peer group selected by the Compensation Committee consisted of the following companies:

Avid Technology	Leaf Group Ltd.
Ballantyne Strong, Inc.	Limelight Networks, Inc.
Brightcove Inc.	LiveXLive Media, Inc.
Chicken Soup for the Soul Entertainment, Inc.	National Cinemedia, Inc.
Dolphin Entertainment, Inc.	NTN Buzztime, Inc.
Gaia, Inc.	Reading International, Inc.
Glu Mobile Inc.	RealNetworks, Inc.
Harmonic Inc.	TechTarget, Inc.
IMAX Corp.	TravelZoo

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 several 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).

During fiscal 2022, no changes were made to CEO or other NEO compensation.

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 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 2022 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	29%	70%	100%
Erick Opeka	25%	60%	100%

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.

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, the earning and vesting of such awards have been assessed and determined 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 stock 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 Stock Units

In connection with the NEO employment agreement amendments or new arrangements during fiscal 2021, under the 2017 Plan, the NEOs were awarded new grants of performance stock units ("PSUs"). No new PSU grants were made to the NEOs during Fiscal 2022.

SARs

In connection with the NEO employment agreement amendments or new arrangements during fiscal 2021, the Compensation Committee granted SARs to the NEOs under the 2017 Plan. No new SAR grants were made to the NEOs during Fiscal 2022.

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, Mr. Loffredo and Mr. Opeka for retention during periods of uncertainty and operational challenge. Additionally, the employment agreements 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, Loffredo's and Opeka's employment agreements.

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. Pursuant to the Tax Cuts and Jobs Act of 2017, for taxable years beginning after December 31, 2017, the exemption from the deduction limit that was previously available 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 2022.

Respectfully submitted,

The Compensation Committee of the Board of Directors

Patrick W. O'Brien, Chairman
Peter C. Brown

Named Executive Officers

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	2022	650,000	650,000	90,146	—	—	33,500	1,423,646
Chief Executive Officer and Chairman	2021	600,000	600,000	1,498,866	—	—	33,553	2,732,419
	2020	600,000	—	—	—	—	31,722	631,722
Gary S. Loffredo	2022	460,000	322,000	54,088	—	—	33,810	869,898
President, Chief Operating Officer, General	2021	436,250	255,000	875,664	—	—	47,121	1,614,035
Counsel and Secretary	2020	425,000	—	—	—	—	44,541	469,541
Erick Opeka	2022	400,000	240,000	54,088	—	—	20,327	714,415
Chief Strategy Officer and President of Digital Networks	2021	343,750	113,750	875,664	—	—	33,553	1,366,717
	2020	325,000	—	—	—	—	15,611	340,611

(1) Includes shares issued in November 2020 for fiscal year 2019 under performance share units ("PSUs") to be paid during fiscal year 2021. Includes for 2022s shares issued in January 2022 for fiscal year 2021 under performance share units ("PSUs") paid during fiscal year 2023. 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, 2022 and 2021, included in the 2022 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, (a) 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, (b) for the fiscal year ended March 31, 2021: for Mr. McGurk, $1,094 and $32,459; for Mr. Loffredo, $1,094 and $46,027; and for Mr. Opeka, $1,094 and $32,459, and (c) for the fiscal year ended March 31, 2022: for Mr. McGurk, $1,019.16 and $32,481.00; for Mr. Loffredo, $1,019.16 and $32,790.60; and for Mr. Opeka, $1,019.16 and $19,308.62.

Employment agreements between the Company and Named Executives

Christopher J. McGurk. On November 19, 2020, the Company entered into an employment agreement with Mr. McGurk (the "2020 McGurk Employment Agreement") that replaced any prior employment agreements with Mr. McGurk. The 2020 McGurk Employment Agreement took effect on April 1, 2021 and has a term ending on March 31, 2023, with a one-time automatic renewal for one year unless either party provides written notice to the other no later than ninety days prior to the expiration of the initial term. Pursuant to the 2020 McGurk Employment Agreement, Mr. McGurk will continue to serve as the Chief Executive Officer and Chairman of the Board of the Company.

The 2020 McGurk Employment Agreement provides that Mr. McGurk will receive an annual base salary of $650,000 and will be eligible for (i) under the Company's Management Annual Incentive Plan, a target bonus opportunity of $650,000 (the "Target Bonus") consistent with goals established annually by the Compensation Committee, (ii) under the Company's 2017 Plan, performance share units for up to 250,000 shares of Common Stock, subject to EBITDA targets to be determined in the sole and absolute discretion of the Compensation Committee and such other terms as the Compensation Committee shall determine, and (iii) under the 2017 Plan, 2,500,000 SARs having an exercise price of $.54 and a term of ten (10) years, one-half (1/2) of which vested on November 19, 2020 and one-half (1/2) of which will vest on March 31, 2023. Mr. McGurk will also be entitled to participate in all benefit plans and programs that the Company provides to its senior executives.

The 2020 McGurk Employment Agreement provides that, in the event of a termination without Cause (as defined in the 2020 McGurk Employment Agreement) or a resignation for Good Reason (as defined in the 2020 McGurk Employment Agreement), Mr. McGurk shall be entitled to payment of (i) the greater of any Base Salary for the remainder of the Term or eighteen (18) months' Base Salary at the time of termination and (ii) an amount equivalent to one and one-half (1.5) times the average of the last two (2) bonus payments under the MAIP, if any, under the Employment Agreement. In the event of, on or after April 1, 2020 and within two (2) years after a Change in Control (as defined in the 2017 Plan), a termination without Cause (other than due to Mr. McGurk's death or disability) or a resignation for Good Reason, then in lieu of receiving the amounts described above, Mr. McGurk would be entitled to receive a lump sum payment equal to three (3) times the sum of (a) his then-current annual Base Salary and (b) his Target Bonus for the year of termination.

On December 10, 2020, the Company entered into an amended employment agreement, effective as of November 19, 2020, with Mr. McGurk (the "2020 A&R McGurk Employment Agreement"). The 2020 A&R McGurk Employment Agreement restated the 2020 McGurk Employment Agreement, except that in the event of, on or after April 1, 2020 and within two (2) years after a Change in Control (as defined in the 2017 Plan), a termination without Cause (other than due to Mr. McGurk's death or disability), a resignation for Good Reason, or upon notice by the Company that it does not wish to renew the Term (as defined in the McGurk Employment Agreement), then in lieu of receiving the amounts for severance other than in connection with a Change in Control, Mr. McGurk would be entitled to receive a lump sum payment equal to three (3) times the sum of (a) his then-current annual Base Salary and (b) his Target Bonus (as defined in the 2020 A&R McGurk Employment Agreement) for the year of termination.

Gary S. Loffredo. On December 23, 2020, the Company entered into an employment agreement with Mr. Loffredo (the "2020 Loffredo Employment Agreement") that replaced any prior employment agreements or arrangements with Mr. Loffredo, which took effect on January 1, 2021 and has a term ending on March 31, 2023, with a one-time automatic renewal for one year unless either party provides written notice to the other no later than ninety days prior to the expiration of the initial term. Pursuant to the 2020 Loffredo Employment Agreement, Mr. Loffredo serves as President, and continues to serve as the Chief Operating Officer, General Counsel and Secretary, of the Company.

The 2020 Loffredo Employment Agreement provides that Mr. Loffredo will receive an annual base salary of $460,000 (as subject to adjustment, the "Loffredo Base Salary") and will be eligible for (i) under the Company's Management Annual Incentive Plan, a target bonus opportunity of $322,000 (the "Loffredo Target Bonus") consistent with goals established annually by the Compensation Committee, (ii) under the 2017 Plan, performance share units for up to 150,000 shares of the Company's Common Stock, subject to EBITDA targets to be determined in the sole and absolute discretion of the Compensation Committee and such other terms as the Compensation Committee shall determine, and (iii) under the Plan, 1,200,000 SARs having an exercise price of $.64 and a term of ten (10) years, and vesting as follows: 500,000 SARs vest on March 31, 2022, 500,000 SARs vest on March 31, 2023, and 200,000 SARs vest on June 30, 2023. Mr. Loffredo will also be entitled to participate in all benefit plans and programs that the Company provides to its senior executives.

The 2020 Loffredo Employment Agreement provides that, in the event of a termination without Cause (as defined in the 2020 Loffredo Employment Agreement) or a resignation for Good Reason (as defined in the 2020 Loffredo Employment Agreement), Mr. Loffredo shall be entitled to payment of twelve (12) months' Loffredo Base Salary at the time of termination. In the event, within two (2) years after a Change in Control (as defined in the Plan), of a termination without Cause (other than due to Mr. Loffredo's death or disability), a resignation for Good Reason, or upon notice by the Company that it does not wish to renew the Term (as defined in the Loffredo Employment Agreement), then in lieu of receiving the amounts described above, Mr. Loffredo would be entitled to receive a lump sum payment equal to two (2) times the sum of (a) his then-current annual Loffredo Base Salary and (b) the Loffredo Target Bonus for the year of termination.

Erick Opeka. On December 23, 2020, the Company entered into an employment agreement with Mr. Opeka (the "2020 Opeka Employment Agreement") that replaced any prior employment agreement with Mr. Opeka, which took effect on January 1, 2021 and has a term ending on September 15, 2023, with a one-time automatic renewal for one year unless either party provides written notice to the other no later than ninety days prior to the expiration of the initial term. Pursuant to the 2020 Opeka Employment Agreement, Mr. Opeka will serve as Chief Strategy Officer of the Company and continue to serve as President of Cinedigm Networks.

The 2020 Opeka Employment Agreement provides that Mr. Opeka will receive an annual base salary of $400,000 (as subject to adjustment, the "Opeka Base Salary") and will be eligible for (i) under the MAIP, a target bonus opportunity of $240,000 (the "Opeka Target Bonus") consistent with goals established annually by the Compensation Committee, (ii) under the Plan, performance share units for up to 150,000 shares of Common Stock, subject to EBITDA targets to be determined in the sole and absolute discretion of the Compensation Committee and such other terms as the Compensation Committee shall determine, and (iii) under the Plan, 1,200,000 SARs having an exercise price of $.64 and a term of ten (10) years, and vesting as follows: 500,000 SARs vest on March 31, 2022, 500,000 SARs vest on March 31, 2023, and 200,000 SARs vest on December 31, 2023. Mr. Opeka will also be entitled to participate in all benefit plans and programs that the Company provides to its senior executives.

The 2020 Opeka Employment Agreement provides that, in the event of a termination without Cause (as defined in the 2020 Opeka Employment Agreement) or a resignation for Good Reason (as defined in the 2020 Opeka Employment Agreement), Mr. Opeka shall be entitled to payment of twelve (12) months' Opeka Base Salary at the time of termination. In the event, within two (2) years after a Change in Control (as defined in the Plan), of a termination without Cause (other than due to Mr. Opeka's death or disability), a resignation for Good Reason, or upon notice by the Company that it does not wish to renew the Term (as defined in the Opeka Employment Agreement), then in lieu of receiving the amounts described above, Mr. Opeka would be entitled to receive a lump sum payment equal to two (2) times the sum of (a) his then-current annual Opeka Base Salary and (b) the Opeka Target Bonus for the year of termination.

Equity Compensation Plans

The following table sets forth certain information, as of March 31, 2022, 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	217,337	$ 1.54	—
Cinedigm 2017 Equity Incentive Plan (the "2017 Plan")	10,893,598	$ 1.22	7,204,672
Cinedigm compensation plans not approved by shareholders (2)	612,500	$ 2.41	—

(1) Shares of Common Stock.

(2) Reflects stock options and SARs 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, and performance 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 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 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.

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 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 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 Common Stock, or other securities of the Company, and may be paid in shares of 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 50,000 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 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 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 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. 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 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.

RSUs shall be similar to restricted stock except that no 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 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 Common Stock, or other securities of the Company, and may be paid in shares of 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. The terms of grants of performance awards would be set forth in agreements between the Company and the participants.

With respect to limits on Award grants under the 2017 Plan, aggregate shares granted to non-employee directors in any year may not exceed $1,000,000 in value.

Our 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, 2022

	OPTION AWARDS (1)				STOCK AWARDS	
Name	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)	—	14.00	8/22/2023	—	—
	700,000(3)	—	1.47	6/7/2028	—	—
	1,250,000(4)	1,250,000(4)	0.54	11/19/2030	—	—
Gary S. Loffredo	35,000(5)	—	15.40	10/13/2023	—	—
	407,610(6)	—	1.47	12/10/2023	—	—
	500,000(7)	700,000(7)	0.64	12/3/2030	—	—
Erick Opeka	8,000(8)	—	18.10	9/2/2024	—	—
	355,000(3)	—	1.16	9/28/2028	—	—
	500,000(7)	700,000(7)	0.64	12/23/2030	—	—

(1) Reflects stock options granted under the 2000 Plan and SARs granted under the 2017 Plan.

(2) Of such total options, 1/3 vested on March 31 of each 2015, 2016 and 2017.

(3) Consists of stock appreciation rights which vested as to 1/3 on March 31 of each of 2019, 2020 and 2021.

(4) Consists of stock appreciation rights of which 1,250,000 vested on November 19, 2020, and 1,250,000 will vest on March 31, 2023.

(5) Of such total options, 1/3 vested on October 13 of each 2014, 2015 and 2016.

(6) Consists of stock appreciation rights which vested as to 1/3 on December 10 of each of 2019, 2020 and 2021.

(7) Consists of stock appreciation rights which vest as to 500,000, on March 31, 2022, as to 500,000, on March 31, 2023, and as to 200,000, on June 30, 2023.

(8) 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	$ 95,000	$ 90,000	$ 185,000
Ashok Amritraj (1)	75,000	270,000	345,000
Tom Bu (2)	-	-	-
Patrick W. O'Brien (Lead Independent Director)	105,000	90,000	195,000
Peixin Xu	-	-	-

(1) Joined the Board on August 9, 2021.

(2) Resigned from the Board on August 6, 2021.

Non-employee directors receive the following compensation for board service. The annual cash retainer amount is $60,000 and the annual stock grant of restricted shares of Common Stock amount is $90,000 based on the trailing 20-day volume weighted average price ("VWAP") of the Common Stock as of the date of the most recent prior annual shareholder's meeting. In addition, non-employee directors receive annual committee fees of $15,000 for service as a committee chair and of $5,000 for service on a committee (other than as chair). In addition to the cash and stock retainers paid to all non-employee directors for Board service, the Lead Independent Director receives an annual cash fee of $20,000. Finally, new non-employee directors will receive a grant of restricted stock valued at $180,000 based on the trailing 20-day VWAP of the Common Stock as of the grant date (the director joins the Board), and such shares will vest in three equal installments on the first three anniversaries of the date of grant.

The Company has adopted Stock Ownership Guidelines for its non-employee directors as discussed under MATTERS RELATING TO OUR GOVERNANCE, above.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of June 21, 2022, the Company's directors, executive officers, and principal stockholders beneficially own, directly or indirectly, in the aggregate, approximately 15.7% of its outstanding Common Stock. 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 21, 2022, certain information with respect to the beneficial ownership of the Common Stock as to (i) each person known by the Company to beneficially own more than 5% of the outstanding shares of the Class A common stock, (ii) each of the Company's directors, (iii) each 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, 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

	Shares Beneficially Owned (b)	
Name (a)	**Number**	**Percent**
Christopher J. McGurk	3,584,073(c)	2.0%
Gary S. Loffredo	1,143,407(d)	*
Erick Opeka	1,009,965(e)	*
Ashok Amritraj	169,645	*
Peter C. Brown	382,101(f)	*
Patrick W. O'Brien	302,746	*
Peixin Xu	21,760,024(g)	12.3%
Mingtai Investment LP	9,005,772(h)	5.1%
All directors and executive officers as a group (7 persons)	27,214,627(i)	15.7%

(a) Unless otherwise indicated, the business address of each person named in the table is c/o Cinedigm Corp., 264 West 40th Street, New York, New York 10018.

(b) Applicable percentage of ownership is based on 145,421,608 shares of Common Stock outstanding as of June 21, 2022 together with all applicable options, warrants and other securities convertible into shares of our 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 Common Stock subject to options, warrants or other convertible securities exercisable within 60 days after June 21, 2022 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 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 21, 2022 and information provided by holders or otherwise known to the Company

(c) Includes (i) 150,000 shares of Common Stock underlying currently exercisable options and (ii) 1,950,000 shares of Class A common stock underlying currently exercisable stock appreciation rights.

(d) Includes 35,000 shares of Common Stock underlying currently exercisable options and 907,610 shares of Class A common stock underlying currently exercisable stock appreciation rights.

(e) Includes (i) 8,000 shares of Common Stock underlying currently exercisable options and (ii) 855,000 shares of 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 (i) 189,270 shares of Common Stock owned directly, (ii) 1,400,000 shares of Common Stock subject to issuance upon exercise of currently exercisable warrants held by Bison Entertainment and Media Group ("BEMG"), (iii) 9,005,772 shares of Common Stock held by Mingtai Investment LP ("Mingtai"), (iv) 3,898,615 shares of Common Stock held by Antai Investment LP ("Antai"), and (v) 7,266,367 shares of Common Stock held by Shangtai Asset Management LP ("Shangtai"). BEMG 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. Shangtai is indirectly managed by a subsidiary of BFGL. Mr. Xu controls the manager of the general partner of Antai. The business address of Mr. Xu is 609-610 21st Century Tower, No. 40 Liangmaqiao Road, Chaoyang District, Beijing, China, 100016.

(h) The business address of Mingtai Investment LP is 609-610 21st Century Tower, No. 40 Liangmaqiao Road, Chaoyang District, Beijing, China, 100016.

(i) Includes a total of 4,194,740 shares that are not currently outstanding, consisting of (i) 193,000 shares of Common Stock underlying currently exercisable options, (ii) 3,712,610 shares of Common Stock underlying currently exercisable stock appreciation rights, and (iii) 1,400,000 shares of Common Stock subject to issuance upon exercise of currently exercisable warrants.

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

Related 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 January 5, 2022, the Company entered into a letter agreement with Hyde Park, pursuant to which the Company and Hyde Park are collaborating on the development, production and/or distribution of a project based on the novel *Audition* by Ryu Murakami (the "Audition Project"). Each of the Company and Hyde Park owns 50% of the rights in connection with the Audition Project. The Company paid $100 thousand to Hyde Park plus $26 thousand in legal fees to counsel for the Audition project. Ashok Amritraj, a director of the Company, is the Chairman and CEO of Hyde Park and has an interest in 100% of the revenues of Hyde Park. Ashok Amritraj is a current board member and related party to the Company.

Director Independence

Please see the discussion of director independence under "MATTERS RELATING TO OUT GOVERNANCE, Board of Directors" starting on page 44 above.

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, 2022 for filing with the SEC.

Respectfully submitted,

The Audit Committee of the Board of Directors

Peter C. Brown, Chairman
Ashok Amritraj
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, 2023.

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, 2022 and 2021. 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:

	For the fiscal years ended	
Type of Fees	**2022**	**2021**
(1) Audit Fees	$ 648,524	$ 340,000
(2) Audit-Related Fees	—	—
(3) Tax Fees	—	—
(4) All Other Fees	—	—
	$ 648,524	$ 340,000

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, 2022 and 2021 included in Form 10-K and review of consolidated financial statements incorporated by reference into Form S-1 and Form S-3 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, 2022 and 2021, the Company retained a firm other than EisnerAmper LLP for tax compliance, tax advice and tax planning.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements
See Index to Financial Statements on page 39 herein.

(a)(2) Financial Statement Schedules
None.

(a)(3) Exhibits
The exhibits are listed in the Exhibit Index beginning on page 62 herein.

EXHIBIT INDEX

Exhibit		Description of Document
3.1	-	Fifth Amended and Restated Certificate of Incorporation of the Company. (39)
3.2	-	Amended and Restated Bylaws of the Company, as amended. (17)
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. (15)
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. (15)
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. (15)
4.6	-	Promissory Note dated April 10, 2020. (38)
4.7	-	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)
4.8	-	Form of Warrant issued on December 23, 2016. (20)
4.9	-	Warrant issued on December 29, 2017. (25)
4.10	-	Trademark Security Agreement dated as of March 30, 2018 by and between the Company and East West Bank. (26)
4.11	-	Trademark Security Agreement dated as of March 30, 2018 by and between Cinedigm Entertainment Corp. and East West Bank. (26)
4.12		Trademark Security Agreement dated as of March 30, 2018 by and between Vistachiara Productions, Inc. and East West Bank. (26)
4.13	-	Copyright Security Agreement dated as of March 30, 2018 by and between the Company and East West Bank. (26)
4.14	-	Copyright Security Agreement dated as of March 30, 2018 by and between Cinedigm Home Entertainment, LLC and East West Bank. (26)
4.15	-	Copyright Security Agreement dated as of March 30, 2018 by and between Cinedigm Entertainment Corp. and East West Bank. (26)
4.16	-	Copyright Security Agreement dated as of March 30, 2018 by and between Vistachiara Productions, Inc. and East West Bank. (26)
4.17	-	Patent Security Agreement dated as of March 30, 2018 by and between the Company and East West Bank. (26)
4.18	-	Trademark Security Agreement dated as of July 3, 2019 by and between Comic Blitz II LLC and East West Bank. (28)
4.19		Description of Securities*
10.1†	-	Second Amended and Restated 2000 Equity Incentive Plan of the Company. (3)
10.1.1†	-	Amendment dated May 9, 2008 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (5)
10.1.2†	-	Form of Notice of Restricted Stock Award. (3)
10.1.3†	-	Form of Non-Statutory Stock Option Agreement. (4)
10.1.4†	-	Form of Restricted Stock Unit Agreement (employees). (5)
10.1.5†	-	Form of Stock Option Agreement. (2)
10.1.6†	-	Form of Restricted Stock Unit Agreement (directors). (5)
10.1.7†	-	Amendment No. 2 dated September 4, 2008 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (6)
10.1.8†	-	Amendment No. 3 dated September 30, 2009 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (8)

Exhibit		Description of Document
10.1.9†	-	Amendment No. 4 dated September 14, 2010 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (11)
10.1.10†	-	Amendment No. 5 dated April 20, 2012 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (12)
10.1.11†	-	Amendment No. 6 dated September 12, 2012 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (14)
10.1.12†	-	Amendment No. 7 dated September 16, 2014 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (16)
10.1.13†	-	Amendment No. 8 dated September 8, 2016 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (18)
10.1.14†	-	Amendment No. 9 dated September 27, 2016 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (19)
10.2†	-	Cinedigm Corp. Management Incentive Award Plan. (9)
10.3†	-	Form of Indemnification Agreement for non-employee directors. (10)
10.4†	-	2017 Equity Incentive Plan of the Company. (21)
10.4.1†	-	Form of Notice of Incentive Stock Option Grant. (22)
10.4.2†	-	Form of Notice of Option Grant. (22)
10.4.3†	-	Form of Notice of Restricted Stock Award. (22)
10.4.4†	-	Form of Notice of Restricted Stock Unit Award. (22)
10.4.5†	-	Form of Notice of Performance-Based Restricted Stock Award. (24)
10.4.6†	-	Form of Notice of Stock Appreciation Right Grant (revised). (27)
10.4.7†	-	Amendment No. 1 to the 2017 Equity Incentive Plan. (30)
10.4.8†	-	Amendment No. 2 to the 2017 Equity Incentive Plan. (35)
10.4.9†	-	Amendment No. 3 to the 2017 Equity Incentive Plan. (36)
10.4.10†	-	Amendment No. 4 to the 2017 Equity Incentive Plan. (40)
10.4.11†	-	Amendment No. 5 to the 2017 Equity Incentive Plan (41)
10.4.12†		Form of Notice of Restricted Stock Award (Directors). (45)
10.5	-	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. (15) (Confidential treatment granted under Rule 24b-2 as to certain portions which are omitted and filed separately with the SEC.)
10.5.1	-	Amendment No. 1, dated as of August 12, 2013, to Term Loan Agreement dated 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. (46)
10.5.2	-	Omnibus Joinder, Amendment No. 2 to Term Loan Agreement and Amendment No. 1 to Guaranty, Pledge and Security Agreement, dated as of July 12, 2017, by and among Cinedigm DC Holdings, LLC, Access Digital Media, Inc., Access Digital Cinema Phase 2, Corp., Christie/AIX, Inc., Cinedigm Digital Funding I, LLC, the Lenders party thereto and Prospect Capital Corporation as Administrative Agent and Collateral Agent. (46)
10.5.3	-	Amendment No. 3, dated as of March 4, 2021, to Term Loan Agreement dated 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. (46)
10.6	-	Equipment Purchase Agreement dated March 26, 2021 between Cinedigm Digital Funding I, LLC and American Multi-Cinema, Inc. (46)
10.7	-	Equipment Purchase Agreement dated March 26, 2021 between Access Digital Cinema Phase 2, Corp., Access Digital Cinema Phase 2 B/AIX Corp. and American Multi-Cinema, Inc. (46)
10.8	-	Common Stock Purchase Agreement dated as of October 12, 2021 between Cinedigm Corp. and B. Riley Principal Capital, LLC. (42)
10.9	-	Registration Rights Agreement dated as of October 12, 2021 between Cinedigm Corp. and B. Riley Principal Capital, LLC. (42)
10.10†	-	Employment Agreement between Cinedigm Corp. and Christopher J. McGurk dated as of November 19, 2020. (31)

Exhibit		Description of Document
10.10.1†	-	Employment Agreement between Cinedigm Corp. and Christopher J. McGurk dated as of December 10, 2020. (32)
10.11	-	Multiparty 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. (13)
10.12	-	Master Equipment Lease No. 8463, effective as of October 18, 2011, by and between CHG- MERIDIAN U.S. Finance, Ltd. And CDF2 Holdings, LLC. (13)
10.13	-	Master Equipment Lease No. 8465, effective as of October 18, 2011, by and between CHG-MERIDIAN U.S. Finance, Ltd. And CDF2 Holdings, LLC. (13)
10.14	-	Sale and Leaseback Agreement, dated as of October 18, 2011, by and between CDF2 Holdings, LLC and CHG-MERIDIAN U.S. Finance, Ltd. (13)
10.15	-	Registration Rights Agreement, dated as of November 1, 2017, between the Company and the purchasers listed on Schedule I therein. (23)
10.16	-	Form of Voting Agreement. (23)
10.17	-	Loan, Security and Guaranty Agreement, dated as of March 30, 2018, by and between the Company, East West Bank and the Guarantors named therein. (26)
10.17.1	-	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. (28)
10.17.2	-	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. (29)
10.17.3	-	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. (33)
10.17.4	-	Letter from East West Bank dated June 22, 2021. (44)
10.18†		Employment Agreement dated as of September 13, 2021 between Cinedigm Corp. and John Canning. (43)
10.19†	-	Form of Stock Appreciation Rights Agreement – Canning. (43)
10.20†		Form of Performance Stock Unit Agreement – Canning. (43)
10.21†	-	Employment Agreement between Cinedigm Corp. and Gary S. Loffredo dated as of December 23, 2020. (34)
10.22†	-	Employment Agreement between Cinedigm Corp. and Erick Opeka dated as of December 23, 2020. (34)
10.23	-	Support Letter dated June 29, 2020 from Bison Entertainment and Media Group. (33)
10.24	-	Sales Agreement, dated July 6, 2020, by and between Cinedigm Corp., A.G.P./Alliance Global Partners and B. Riley FBR, Inc. (37)
10.25	-	Equity Purchase Agreement dated January 4, 2022 among the Company, and David Chu, Augustine Hong, Helen Hong, Michael Hong, Justin Lee, Steven Park, and Kingsoon Ong (collectively, the "Sellers") and David Chu as representative of the Sellers.*
10.25.1	-	Amended and Restated Equity Purchase Agreement dated March 25, 2022 among the Company, and David Chu, Augustine Hong, Helen Hong, Michael Hong, Justin Lee, Steven Park, and Kingsoon Ong (collectively, the "Sellers") and David Chu as representative of the Sellers.*
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.*
101.INS*		Inline XBRL Instance Document.
101.SCH*		Inline XBRL Taxonomy Extension Schema Document.
101.CAL*		Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*		Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*		Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*		Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104		Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

† Management compensatory arrangement.

DocumentsIncorporated 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 September 16, 2010 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(12) 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).

(13) 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).

(14) 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).

(15) 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).

(16) 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).

(17) 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).

(18) 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).

(19) 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).

(20) 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).

(21) 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).

(22) 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).

(23) 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).

(24) 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).

(25) 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).

(26) 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).

(27) 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).

(28) 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).

(29) 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).

(30) 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).

(31) Previously filed with the Securities and Exchange Commission on November 23, 2020 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(32) Previously filed with the Securities and Exchange Commission on December 16, 2020 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(33) Previously filed with the Securities and Exchange Commission on July 6, 2020 as an exhibit to the Company's Form 10-K (File No. 001-31810).

(34) Previously filed with the Securities and Exchange Commission on December 30, 2020 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(35) Previously filed with the Securities and Exchange Commission on September 4, 2020 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(36) Previously filed with the Securities and Exchange Commission on October 26, 2020 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(37) Previously filed with the Securities and Exchange Commission on July 6, 2020 as an exhibit to the Company's Registration Statement on Form S-3 (File No. 333-239710).

(38) Previously filed with the Securities and Exchange Commission on August 14, 2020 as an exhibit to the Company's Form 10-Q (File No. 001-31810).

(39) Previously filed with the Securities and Exchange Commission on November 15, 2021 as an exhibit to the Company's Form 10-Q (File No. 001-31810).

(40) Previously filed with the Securities and Exchange Commission on August 10, 2021 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(41) Previously filed with the Securities and Exchange Commission on October 12, 2021 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(42) Previously filed with the Securities and Exchange Commission on October 12, 2021 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(43) Previously filed with the Securities and Exchange Commission on September 17, 2021 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(44) Previously filed with the Securities and Exchange Commission on September 9, 2021 as an exhibit to the Company's Form 10-Q (File No. 001-31810).

(45) Previously filed with the Securities and Exchange Commission on August 13, 2021 as an exhibit to the Company's Form 8-K/A (File No. 001-31810).

(46) Previously filed with the Securities and Exchange Commission on July 30, 2021 as an exhibit to the Company's Form 10-K (File No. 001-31810).

ITEM 16. FORM 10-K SUMMARY

None.

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 1, 2022

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

Date: July 1, 2022

By: /s/ John K. Canning
Chief Financial Officer
(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
/s/ Christopher J. McGurk Christopher J. McGurk	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	July 1, 2022
/s/ John K. Canning John K. Canning	Chief Financial Officer (Principal Financial Officer)	July 1, 2022
/s/ Ashok Amritraj Ashok Amritraj	Director	July 1, 2022
/s/ Peter C. Brown Peter C. Brown	Director	July 1, 2022
/s/ Patrick O´Brien Patrick O´Brien	Director	July 1, 2022
/s/ Peixin Xu Peixin Xu	Director	July 1, 2022

Exhibit 4.19

DESCRIPTION OF SECURITIES

Authorized and Outstanding Capital Stock

The following description of Cinedigm Corp.'s 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 275,000,000 shares of Class A common stock, par value $0.001 per share (the "Class A common stock"), 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, 2022, there were 175,313,584 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, 2022. All of the outstanding warrants are fully vested and exercisable.

	Amount Outstanding	Expiration	Exercise Price Per Share
Warrants issued in connection with a term loan agreement	1,400,000	December 2022	$ 1.80

Such warrants provide for adjustment upon a stock split, stock dividend, or stock reclassification.

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.

Exhibit 10.25

EQUITY PURCHASE AGREEMENT

This Equity Purchase Agreement (this "Agreement") is made as of January 4, 2022 (the "Effective Date"), by and among Cinedigm Corp., a Delaware corporation ("Buyer"), the members of the Company (as defined here) set forth on the signature page hereto (each a "Seller" and together, "Sellers") and David Chu, solely in the capacity as representative of Sellers as set forth herein (the "Seller Representative" and together with Buyer and Sellers, the "Parties").

WHEREAS, Sellers own all of the membership interests (the "Equity") of Asian Media Rights, LLC, a New York limited liability company, d/b/a Digital Media Rights ("Target" or the "Company"); and

WHEREAS, Buyer desires to purchase from Sellers, and Sellers desire to sell and assign to Buyer, the Equity in return for cash and Common Stock (as defined herein) as set forth herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, representations, warranties and agreements contained herein, the Parties agree as follows:

Section 1. Definitions.

"Affiliate" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act.

"Affiliated Group" means any affiliated group within the meaning of Code Section 1504(a) or any similar group defined under a similar provision of state, local, or non-U.S. law.

"Agreement" has the meaning set forth in the preface above.

"Basis" means any past or present fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction that forms or could form the basis for any specified consequence.

"Broker" means any agent, broker, investment banker, financial advisor or other person.

"Broker's Fee" means any financial advisory, broker's, finder's or similar fee or commission or reimbursement of expenses to a Broker.

"Business" means the media and entertainment business that consists of direct-to-consumer streaming television networks and social media channels, global content aggregation and distribution or digital video advertising networks.

"Business Day" means any day except Saturday, Sunday or any other day on which commercial banks located in New York, New York are authorized or required by Law to be closed for business.

"Buyer" has the meaning set forth in the preface above.

"Buyer Indemnified Parties" has the meaning set forth in Section 6.3.

"Cash Closing Purchase Price" has the meaning set forth in Section 2.2.

"Closing" has the meaning set forth in Section 2.5 below.

"Closing Certificate" means a certificate delivered by the Seller Representative stating (a) (i) the identity of any Person to whom payment of Transaction Expenses or repayment of any outstanding unpaid Indebtedness of the Company existing as of the Closing Date shall be made, (ii) the amounts payable to such Person, and (iii) wire transfer information for such Person and (b) (i) the name and address of each Seller, (ii) the Purchase Price payable to such Seller, and (iii) wire transfer information for such Seller.

"Closing Date" has the meaning set forth in Section 2.5 below.

"Closing Working Capital" means (a) the Current Assets of the Company, less (b) the Current Liabilities of the Company, determined as of the close of business on the Closing Date.

"COBRA" means the requirements of Part 6 of Subtitle B of Title I of ERISA and Code Section 4980B and of any similar state law.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock" means Class A Common Stock, par value $0.001 per share, of Buyer.

"Company" has the meaning set forth in the preface above.

"Company Real Properties" has the meaning set forth in Section 4.12.

"Confidential Information" means any information concerning the businesses and affairs of the Target that is not already available to the public.

"Controlling Members" has the meaning set forth in Section 6.2.

"Current Assets" means cash and cash equivalents, accounts receivable, inventory and prepaid expenses, but excluding (a) the portion of any prepaid expense of which Buyer will not receive the benefit following the Closing; (b) deferred Tax assets; and (c) receivables from any of the Company's Affiliates, members, managers, employees, or officers and any of their respective Affiliates, determined in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Financial Statements for the most recent fiscal year end as if such accounts were being prepared and audited as of a fiscal year end.

"Current Liabilities" means accounts payable, accrued Taxes and accrued expenses, but excluding payables to any of the Company's Affiliates, members, managers, employees, or officers and any of their respective Affiliates, deferred Tax liabilities and the current portion of long term debt, determined in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Financial Statements for the most recent fiscal year end as if such accounts were being prepared and audited as of a fiscal year end.

"Disclosure Schedules" has the meaning set forth in Section 4.

"EDGAR" has the meaning set forth in Section 5.13.

"Employee Benefit Plan" means any "employee benefit plan" (as such term is defined in ERISA Section 3(3)) and any other material employee benefit plan, program or arrangement of any kind in each case, that Target maintains, to which Target contributes or has any obligation to contribute on behalf of any current or former employee, officer or director, or with respect to which Target has any Liability.

"Employee Pension Benefit Plan" has the meaning set forth in ERISA Section 3(2).

"Employee Welfare Benefit Plan" has the meaning set forth in ERISA Section 3(1).

"Environmental Laws" means, whenever in effect, all federal, state, local, and non-U.S. statutes, regulations, ordinances, and other provisions having the force or effect of law, all judicial and administrative orders and determinations, and all common law concerning pollution or protection of the environment, including, without limitation, all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, exposure to, or cleanup of any hazardous materials, substances, wastes, chemical substances, mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, polychlorinated biphenyls, noise, odor, mold, or radiation.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means each entity that is treated as a single employer with Target for purposes of Code Section 414(b), (c), (m) or (o).

"Fiduciary" has the meaning set forth in ERISA Section 3(21).

"Filed Reports" has the meaning set forth in Section 3.1.

"Financial Statements" has the meaning set forth in Section 4.7 below.

"Fraud" means actual (and not constructive) fraud, consisting of an intentionally and knowingly false misrepresentation of material and existing fact by one Party to another Party in the making of the representations and warranties in Section 3 or 4, as applicable, made with the specific intent to deceive the complaining Party, upon which the complaining Party actually and justifiably relied to its detriment.

"GAAP" means United States generally accepted accounting principles as in effect from time to time, consistently applied.

"Governmental Authority" means any court, arbitrator, administrative or other governmental department, agency, commission, authority or instrumentality, domestic or foreign.

"Indebtedness" means, with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all guarantees by such Person of Indebtedness of others, (h) all capital lease obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Party" has the meaning set forth in Section 6.4.

"Indemnifying Party" has the meaning set forth in Section 6.4.

"Intellectual Property" means all of the following in any jurisdiction throughout the world: (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, divisions, continuations-in-part, revisions, extensions, and reexaminations thereof, (b) all trademarks, service marks, trade dress, logos, slogans, trade names, corporate names, Internet domain names, other source identifiers, and rights in telephone numbers, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (c) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, (d) all mask works and all applications, registrations, and renewals in connection therewith, (e) all trade secrets and confidential, technical, and business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (f) all computer software (including in both source code and object code form, executable code, data, databases, and related documentation), (g) all advertising and promotional materials, (h) all other proprietary rights, and (i) all copies and tangible embodiments thereof (in whatever form or medium).

"Key Persons" means David Chu, Michael Hong and Tommy Lee.

"Law" means any applicable federal, state, local or foreign law, statute, ordinance, rule regulation, judgment, order, injunction, decree or agency requirement of any Governmental Authority.

"Lease" has the meaning set forth in Section 4.12.

"Legal Proceeding" means any private or governmental action, suit, complaint, arbitration, mediation, legal or administrative proceeding or investigation pending or threatened, whether prior to or post-Closing and whether or not a contingent liability, arising or accruing from actions or activities prior to the Closing Date.

"Liability" means any liability or obligation of whatever kind or nature (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

"Lien" means any security interest, mortgage, pledge, hypothecation, charge, claim, option, right to acquire, adverse interest, encumbrance, restriction, lien (statutory or other), or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any financing lease involving substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable Law of any jurisdiction).

"Limited Survival Representations" has the meaning set forth in Section 6.1.

"Losses" means any and all deficiencies, judgments, settlements, losses, damages, interest, fines, penalties, Taxes, costs and expenses (including reasonable legal, accounting and other costs and expenses of professionals) incurred in connection with investigating, defending, settling or satisfying any and all demands, claims, actions, causes of action, inquiries, suits, proceedings, assessments, audits, investigations, judgments or appeals, and in seeking indemnification, compensation or reimbursement therefor. In no event shall any Loss include punitive, special, incidental, consequential or indirect damages, except: (a) to the extent actually paid or payable to a third party; (b) Taxes; and (c) breaches of the covenants set forth in Section 5.3 (Confidentiality) and Section 5.4 (Covenant Not to Compete).

"Material Adverse Effect" means, with respect to any Person, any event, occurrence, fact, condition, or change that is, or would reasonably be expected to become, individually or in the aggregate, materially adverse to: (a) the business, results of operations, condition (financial or otherwise), or assets of such Person and its subsidiaries, taken as a whole; or (b) the ability of such Person to consummate the Transactions on a timely basis; provided, however, that a Material Adverse Effect shall not be deemed to include events, occurrences, facts, conditions or changes arising out of, relating to or resulting from: (i) changes in the national or world economy or financial markets as a whole or changes in general economic conditions that affect the industries in which the Person conducts its business, so long as such changes or conditions do not adversely affect the Person in a materially disproportionate manner relative to other similarly situated participants in the industries or markets in which it operates; (ii) any change in applicable Law or GAAP or interpretation thereof after the date hereof, so long as such changes do not adversely affect the Person in a materially disproportionate manner relative to other similarly situated participants in the industries or markets in which it operates; (iii) the announcement, pendency or completion of the transactions contemplated by this Agreement, including losses or threatened losses of employees, customers, suppliers, distributors or others having relationships with a Person; (iv) any action permitted or required by the terms of this Agreement or any action taken (or omitted to be taken) at the request of, or with the consent of, Buyer; (v) any natural disaster or acts of God; or (vi) any epidemics, pandemics, disease outbreaks, or other public health emergencies (including the COVID-19 global pandemic) or any action taken by any Governmental Authority in response thereto.

"Most Recent Balance Sheet" means the balance sheet contained within the Most Recent Financial Statements.

"Most Recent Financial Statements" has the meaning set forth in Section 4.7 below.

"Most Recent Fiscal Month End" has the meaning set forth in Section 4.7 below.

"Most Recent Fiscal Year End" has the meaning set forth in Section 4.7 below.

"Multiemployer Plan" has the meaning set forth in ERISA Section 3(37).

"Net Working Capital Methodology" means the principles and methodologies for calculating the Closing Working Capital and Final Net Working Capital of the Company, an example of which is attached as Exhibit A.

"Order" means any judgment, writ, decree, directive, decision, injunction, ruling, award or order (including any consent decree or cease and desist order) of any kind of any Governmental Authority.

"Ordinary Course of Business" means, with respect to an action taken by any Person, an action that is consistent in nature, scope and magnitude with the past practices of such Person.

"Party" or "Parties" has the meaning set forth in the preface above.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, any other business entity, or a governmental entity (or any department, agency, or political subdivision thereof).

"Prohibited Transaction" has the meaning set forth in ERISA Section 406 and Code Section 4975.

"Pre-Closing Tax Period" has the meaning set forth in Section 7.1.

"Pro Rata Percentages" means the amount for each Seller set forth opposite such Seller's name on Annex A, which amount may consist of (a) a combination of cash and Common Stock or (b) solely cash.

"Purchase Price" has the meaning set forth in Section 2.2 below.

"Rule 144" means Rule 144 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"SEC" means the Securities and Exchange Commission.

"SEC Reports" has the meaning set forth in Section 3.2(k).

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Sellers" has the meaning set forth in the preface above.

"Seller Indemnified Party" has the meaning set forth in Section 6.2.

"Stock Closing Purchase Price" has the meaning set forth in Section 2.2.

"Straddle Period" has the meaning set forth in Section 7.2.

"Subsidiary" or "Subsidiaries" means, with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity's gains or losses or shall be or control any managing director or general partner of such business entity (other than a corporation). The term "Subsidiary" shall include all Subsidiaries of such Subsidiary.

"Target" has the meaning set forth in the preface above.

"Target Working Capital" means $1,235,478.17.

"Tax" or "Taxes" means any federal, state, local, or non-U.S. income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever (including any penalty for the failure to properly file any information return), including any interest, penalty, or addition thereto, whether disputed or not and including any obligations to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Third-Party Claim" has the meaning set forth in Section 6.4.

"Transactions" means the transactions contemplated by this Agreement.

"Transaction Documents" means: (a) this Agreement; and (b) all other agreements, documents and instruments to be delivered in connection with the Transactions.

"Transaction Expenses" means all fees, expenses, costs, commissions, transaction bonuses or disbursements payable by Company or Sellers incurred in connection with the process of selling the Company or otherwise relating to the negotiation, preparation, or execution of this Agreement and the transactions contemplated hereby, including (a) all fees, expenses, costs, commissions or disbursements of any investment banker, advisor, attorney, accountant or other professional; (b) all fees and expenses associated with obtaining necessary or appropriate consents; and (c) all fees and expenses associated with obtaining the release and termination of any Liens.

"Unregistered Shares" has the meaning set forth in Section 5.13.

"WARN Act" has the meaning set forth in Section 4.8 below.

1.1 Terms Generally. The definitions set forth or referenced in Section 1.1 and elsewhere in this Agreement, shall apply equally to both the singular and plural forms of the terms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". To the "Knowledge" of a Person means: (a) with respect to Sellers, "to the Knowledge of Sellers" means the actual knowledge of the Key Persons after reasonable inquiry; and (b) with respect to Buyer, "to the Knowledge of Buyer" means the actual knowledge of Gary Loffredo after reasonable inquiry of such Person's direct reports.

Section 2. Purchase and Sale of Target Equity.

2.1 Basic Transaction. On and subject to the terms and conditions of this Agreement, Buyer agrees to purchase from Sellers, and Sellers agree to sell to Buyer, the Equity for the consideration specified below in this Section 2.

2.2 Purchase Price.

(a) The purchase price for the Equity shall be an aggregate of $22,000,000 (Twenty Two Million Dollars) which will be paid at the Closing as follows: (A) $8,000,000 (Eight Million Dollars) shall be paid in cash (the "Cash Closing Purchase Price") and (B) subject to Section 2.8, $14,000,000 (Fourteen Million Dollars) shall be paid in Common Stock (the "Stock Closing Purchase Price" and together with the Cash Closing Purchase Price, the "Purchase Price"), with such Common Stock being valued at the volume weighted average price per share of the Common Stock on the Nasdaq Global Market (or any other market or exchange on which the Common Stock is then listed or quoted for trading) for the twenty (20) trading day period ending on the last trading day immediately preceding the Closing Date and, if necessary, rounded up to the next full share; provided, however, that unless Buyer has obtained approval of its stockholders in accordance with Nasdaq Listing Rule 5635(a), in no event will the number of shares of Common Stock issuable pursuant to this Agreement exceed nineteen and 9/10 percent (19.9%) of the number of shares of Common Stock outstanding immediately prior to the execution of this Agreement; provided, further, that if Buyer is no longer trading on Nasdaq Global Market (or any other market or exchange on which the Common Stock could be listed or quoted for trading) then the Stock Closing Purchase Price shall be paid entirely in cash.

(b) On the Closing Date, Buyer shall deliver, or cause to be delivered, the Closing Purchase Price to Sellers pursuant to the delivery instructions set forth in Section 2.2 of the Disclosure Schedules.

2.3 Seller Representative Reserve.

(a) Notwithstanding anything to the contrary in this Section 2, at the Closing, Buyer shall deposit in an account designated by the Seller Representative, $1,000,000 (the "Seller Representative Reserve"), which amount shall be deemed to reduce the Cash Closing Purchase Price otherwise payable at Closing under this Section 2 and which shall be held by the Seller Representative for the benefit of Sellers in accordance with this Section 2. The Parties agree to treat the Seller Representative Reserve as owned by Sellers in accordance with their Pro Rata Percentages and to file all Tax Returns on a basis consistent with such treatment.

(b) The Seller Representative Reserve may be applied as the Seller Representative, in his sole discretion after consultation with Michael Hong, determines appropriate to defray, offset or pay any charges, fees, costs, liabilities or expenses of the Seller Representative incurred in connection with the Transactions and the Transaction Documents. Sellers will not receive any interest or earnings on the Seller Representative Reserve and irrevocably transfer and assign to the Seller Representative any ownership right that they may otherwise have had in any such interest or earnings. The Seller Representative will not be liable for any loss of principal of the Seller Representative Reserve other than as a result of his gross negligence or willful misconduct.

(c) The balance of the Seller Representative Reserve held pursuant to this Section 2.3, if any, shall be distributed to Sellers by the Seller Representative. Each Seller shall be deemed to have contributed an amount to the Seller Representative Reserve equal to such Seller's respective Pro Rata Percentage of the Seller Representative Reserve. Notwithstanding the foregoing, the Seller Representative Reserve shall only be so distributed when the Seller Representative determines, in his sole discretion after consultation with Michael Hong, that such distribution is appropriate. Sellers agree that the Seller Representative is not acting as a withholding agent or in any similar capacity in connection with the Seller Representative Reserve and that the Seller Representative shall have no responsibility for tax reporting with respect to the ultimate distribution of any balance of the Seller Representative Reserve. None of Buyer or the Company or their respective Affiliates shall have any liability or responsibility to Sellers with respect to the Seller Representative Reserve or the actions and responsibilities of the Seller Representative contemplated by this Section 2.3, and Sellers shall seek distribution of the Seller Representative Reserve solely from the Seller Representative.

2.4 Closing Purchase Price Adjustment.

(a) Closing Adjustment.

(i) At the Closing, the Cash Closing Purchase Price shall be adjusted as follows either by (A) an increase by the amount, if any, by which the Estimated Closing Working Capital (as determined in accordance with Section 2.4(a)(ii)) is greater than the Target Working Capital, or (B) a decrease by the amount, if any, by which the Estimated Closing Working Capital is less than the Target Working Capital. The net amount after giving effect to the adjustments listed in this Section 2.4(a) shall be the "Closing Purchase Price".

(ii) At least three Business Days before the Closing, the Seller Representative shall prepare and deliver to Buyer a statement setting forth Sellers' good faith estimate of Closing Working Capital (the "Estimated Closing Working Capital"), which statement shall contain an estimated balance sheet of the Company as of the Closing Date (without giving effect to the transactions contemplated herein), a calculation of Estimated Closing Working Capital (the "Estimated Closing Working Capital Statement"), and a certificate of the Chief Financial Officer of the Company that the Estimated Closing Working Capital Statement was prepared in good faith and consistent with the Company's past practices and the Net Working Capital Methodology. During such three-day period, Buyer shall review the Estimated Closing Working Capital Statement and related work papers and ask questions of the Seller Representative and the Company's accountant during normal business hours regarding the same until the Parties mutually agree on the Estimated Closing Working Capital Statement. An example of the calculation of Closing Working Capital in accordance with the Net Working Capital Methodology is appended hereto as Exhibit A.

(b) Post-Closing Adjustment.

(i) As soon as practicable following the Closing Date (but not later than sixty (60) days after the Closing Date), Buyer shall prepare and deliver to the Seller Representative a statement setting forth its calculation of Closing Working Capital, which statement shall contain a balance sheet of the Company as of the Closing Date (without giving effect to the transactions contemplated herein), a calculation of Closing Working Capital (the "Closing Working Capital Statement") and a certificate of the Chief Financial Officer of Buyer that the Closing Working Capital Statement was prepared in good faith in a manner consistent with the Estimated Closing Working Capital Statement and in accordance with the Net Working Capital Methodology. If Buyer fails to deliver the Closing Working Capital Statement within the sixty-day period, the Closing Working Capital set forth in the Estimated Closing Working Capital Statement shall be deemed final and binding on the Parties hereto.

(ii) The post-closing adjustment shall be an amount equal to the Closing Working Capital minus the Estimated Closing Working Capital (the "Post-Closing Adjustment").

(c) Examination and Review.

(i) Examination. After receipt of the Closing Working Capital Statement, the Seller Representative shall have thirty (30) days (the "Review Period") to review the Closing Working Capital Statement. During the Review Period, the Seller Representative, Sellers and Sellers' accountants shall have full access to the books and records of the Company, the personnel of, and work papers prepared by, Buyer and/or Buyer's accountants to the extent that they relate to the Closing Working Capital Statement and to such historical financial information (to the extent in Buyer's or the Company's possession) relating to the Closing Working Capital Statement as the Seller Representative may reasonably request for the purpose of reviewing the Closing Working Capital Statement and to prepare a Statement of Objections, provided, that such access shall be in a manner that does not materially interfere with the normal business operations of Buyer or the Company.

(ii) Objection. On or prior to the last day of the Review Period, the Seller Representative may object to the Closing Working Capital Statement by delivering to Buyer a written statement setting forth Sellers' objections in reasonable detail, indicating each disputed item or amount and the basis for Sellers' disagreement therewith (the "Statement of Objections"). If the Seller Representative fails to deliver the Statement of Objections before the expiration of the Review Period, the Closing Working Capital Statement and the Post-Closing Adjustment, as the case may be, reflected in the Closing Working Capital Statement shall be deemed to have been accepted by Sellers. If the Seller Representative delivers the Statement of Objections before the expiration of the Review Period, Buyer and the Seller Representative shall negotiate in good faith to resolve such objections within thirty (30) days after the delivery of the Statement of Objections (the "Resolution Period"), and, if the same are so resolved within the Resolution Period, the Post-Closing Adjustment and the Closing Working Capital Statement with such changes as may have been previously agreed in writing by Buyer and the Seller Representative, shall be conclusive and binding upon the Parties hereto.

(iii) Resolution of Disputes. If the Seller Representative and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then Buyer and the Seller Representative shall appoint by mutual agreement BDO USA, LLP (so long as BDO USA, LLP has no professional relationship with any of the Parties or their respective Affiliates), or if that firm is unwilling or unable to serve, Buyer and the Seller Representative will appoint another mutually acceptable independent accounting firm of recognized standing (which firm is not the regular auditing firm of any of the Parties or their Affiliates) (the appointed firm, the "Independent Accountant") who, acting as experts and not arbitrators, shall resolve any amounts remaining in dispute ("Disputed Amounts") only and make any adjustments to the Post-Closing Adjustment, as the case may be, and the Closing Working Capital Statement in accordance with the Net Working Capital Methodology. The Parties hereto agree that all adjustments shall be made without regard to materiality. The Independent Accountant shall only decide the specific items under dispute by the Parties and its decision for each Disputed Amount must be within the range of values assigned to each such item in the Closing Working Capital Statement and the Statement of Objections, respectively. The Parties hereto agree that neither Buyer nor the Seller Representative shall communicate with the Independent Accountant without the knowledge of such other Party.

(iv) Fees of the Independent Accountant. The fees and expenses of the Independent Accountant shall be paid by Sellers from the Seller Representative Reserve to the extent of its balance, and thereafter shall be paid by Sellers based on their respective Pro Rata Percentages, on the one hand, and by Buyer, on the other hand, based upon the percentage that the amount actually contested but not awarded to Sellers or Buyer, respectively, bears to the aggregate amount actually contested by Sellers and Buyer.

(v) Determination by Independent Accountant. The Independent Accountant shall make a determination as soon as practicable within thirty (30) days (or such other time as the parties hereto shall agree in writing) after its engagement, and its resolution of the Disputed Amounts and its adjustments to the Closing Working Capital Statement and/or the Post-Closing Adjustment shall be conclusive and binding upon the Parties hereto.

(d) Payments of Post-Closing Adjustment. If the Closing Working Capital as reflected on the Closing Working Capital Statement (as is deemed final and conclusive in accordance with this Section 2.4, the "Final Net Working Capital") exceeds the Closing Working Capital reflected on the Estimated Closing Working Capital Statement, then Buyer (or, at Buyer's direction, the Company) shall pay promptly (and, in any event, within five (5) Business Days after the Final Net Working Capital has been established) to Sellers an amount in cash that is equal to such excess in accordance with each Seller's Pro Rata Percentages and the payment instructions provided in the Closing Certificate. If the Closing Working Capital reflected on the Estimated Closing Working Capital Statement exceeds the Final Net Working Capital, then the Seller Representative shall pay promptly from the Seller Representative Reserve (and, in any event, within the five (5) Business Day period described above) to Buyer an amount in cash that is equal to such excess; provided that to the extent the Seller Representative Reserve does not include adequate funds to pay Buyer as set forth in this Section 2.4(d), any such shortfall amount shall be paid by Sellers based on their respective Pro Rata Percentages; provided further that the Controlling Members shall be liable to Buyer for any such amount that is not timely paid. Any payments shall be paid by wire transfer of immediately available funds to such account as is directed by Buyer or the Seller Representative, as the case may be.

(e) Adjustments for Tax Purposes. Any payments made pursuant to Section 2.4 shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

2.5 Closing. The closing of the Transactions (the "Closing") shall take place at 10:00 a.m. at the offices of Buyer as soon as practicable and, in any event, within five (5) Business Days following the satisfaction or waiver of all of the conditions precedent set forth herein and at such other time or place as is mutually agreed by the Parties in writing (the "Closing Date").

2.6 Withholding. Buyer shall be entitled to deduct and withhold from the Purchase Price all Taxes Buyer, as applicable, may be required to deduct and withhold under any provision of federal, state, local, or foreign Tax Law. All such withheld amounts shall be treated as delivered to Sellers hereunder. Sellers shall deliver (or cause to be delivered) to Buyer prior to Closing a certificate (or certificates), including without limitation and if applicable a Form W-9, in form satisfactory to Buyer and in compliance with applicable Treasury Regulations certifying that the Transactions are exempt from withholding under the Code.

2.7 Deliveries at Closing.

(a) At the Closing, Sellers will deliver to Buyer the following:

(i) Duly executed assignment documents assigning and transferring the ownership of record of the Equity in accordance with applicable Law.

(ii) The certificate required by Section 8.1(c).

(iii) Copies of the Third-Party Consents.

(iv) A certificate pursuant to Treasury Regulations Section 1.1445-2(b) duly executed by each Seller that he or she is not a foreign person within the meaning of Section 1445 of the Code.

(v) The agreements pursuant to which Target will acquire certain assets of Digital Orchard, LLC and Trinity Releasing, LLC, in the forms attached as Exhibit B.

(vi) Payoff letters for the Indebtedness of Target.

(vii) Executed employment agreement between the Company and David Chu in the form attached as Exhibit C.

(viii) Executed employment offer letter between the Company and Tommy Lee in the form attached as Exhibit D.

(ix) Executed consulting agreement between the Company and Michael Hong in the form attached as Exhibit E.

(x) All other agreements, documents, instruments or certificates required to be delivered by Sellers at or prior to the Closing pursuant to this Agreement.

(b) At the Closing, Buyer will deliver or cause to be delivered to Sellers, the Seller Representative or their designees, as the case may be, the following:

(i) To each Seller, wire transfers of his or her share of the Cash Closing Purchase Price to which each Seller is entitled hereunder in accordance with payment instructions provided in the Closing Certificate.

(ii) To Sellers, copy of instructions to Buyer's transfer agent to issue the Stock Closing Purchase Price to each Seller who is entitled to receive Common Stock in accordance with allocations provided in the Closing Certificate.

(iii) To the Seller Representative, the Seller Representative Reserve in accordance with Section 2.3.

(iv) To the Persons to whom payment of Transaction Expenses or repayment of any outstanding unpaid Indebtedness of the Company existing as of the Closing Date shall be made, such cash amounts in accordance with payment instructions in the Closing Certificate.

(v) All other agreements, documents, instruments or certificates required to be delivered by Buyer at or prior to the Closing pursuant to this Agreement.

2.8 No Fractional Shares. No fraction of a share of Common Stock will be issued by virtue of the Transactions.

Section 3. Representations and Warranties Concerning Transaction.

3.1 Sellers' Representations and Warranties. Each Seller, severally and not jointly, represents and warrants to Buyer with respect to himself or herself only, that the statements contained in this Section 3.1 are correct and complete as of the date of this Agreement and the Closing Date.

(a) Authorization of Transaction. Such Seller has the requisite legal capacity to execute and deliver this Agreement and to perform his or her obligations hereunder. This Agreement constitutes the valid and legally binding obligation of such Seller, enforceable in accordance with its terms and conditions. Such Seller need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order to consummate the Transactions.

(b) Non-Contravention. Neither the execution and delivery of this Agreement, nor the consummation of the Transactions, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which such Seller is subject, (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which such Seller is a party or by which he or she is bound or to which any of his or her assets are subject, or (iii) result in the imposition or creation of a Lien upon or with respect to such Seller's Equity.

(c) Brokers' Fees. No Broker is, will or might be entitled, by reason of any agreement, act or statement by such Seller to any Broker's Fee.

(d) Equity. Such Seller holds of record and owns beneficially the amount of the Equity set forth next to his or her name in Section 4.2 of the Disclosure Schedule, free and clear of any restrictions on transfer (other than any restrictions under the Securities Act, state securities laws and the Target's organizational documents), Taxes, Liens, options, warrants, purchase rights, contracts, commitments, equities, claims, and demands. Such Seller is not a party to any option, warrant, purchase right, or other contract or commitment (other than this Agreement and the Target's organizational documents) that could require such Seller to sell, transfer, or otherwise dispose of any capital stock of Target. Such Seller is not a party to any voting trust, proxy, or other agreement or understanding with respect to the voting of any capital stock of Target.

(e) Legal Proceedings. To such Seller's Knowledge, there is no: (a) Legal Proceeding pending or threatened against such Seller that seeks to restrain, enjoin or delay the consummation of this Agreement or the Transactions or that seeks damages in connection therewith; or (b) judgment, decree, injunction, rule, or order of any Governmental Authority applicable to such Seller that has had or is reasonably likely to have, either individually or in the aggregate, a Material Adverse Effect on such Seller or his or her ability to consummate the Transactions.

(f) Private Placement.

(i) Such Seller acknowledges that the shares of Common Stock that constitute the Stock Closing Purchase Price (collectively, the "Purchase Price Stock"), are "restricted securities" as defined in Regulation D of the Securities Act and have not been registered under the Securities Act or any applicable state securities law, and such Seller is acquiring the Purchase Price Stock for his or her own account and not with a view to or for distributing or reselling such Purchase Price Stock or any part thereof in violation of the Securities Act or any applicable state securities law, have no present intention of distributing any of such Purchase Price Stock in violation of the Securities Act or any applicable state securities law and has no arrangement or understanding with any other persons regarding the distribution of such Purchase Price Stock (without limiting its right to sell the Purchase Price Stock in compliance with applicable federal and state securities laws) in violation of the Securities Act or any applicable state securities law. Such Seller does not have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Purchase Price Stock.

(ii) As of the date of the Agreement and on each date on which such Seller receives any Purchase Price Stock, such Seller is or shall be, an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act, except as set forth on Annex B.

(iii) Such Seller, either alone or together with his or her representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective acquisition of the Purchase Price Stock, and has so evaluated the merits and risks of such acquisition. Such Seller is able to bear the economic risk of an investment in the Purchase Price Stock and, at the present time, is able to afford a complete loss of such investment.

(iv) Such Seller is not acquiring the Purchase Price Stock as a result of any advertisement, article, notice or other communication regarding the Purchase Price Stock published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(v) Such Seller acknowledges that he or she has reviewed the registration statements, prospectuses, reports, schedules, forms, statements, and other documents (including exhibits and all other information incorporated by reference) required to be filed or furnished by Buyer with or to the SEC since April 1, 2017 (collectively, "Filed Reports") and the Transaction Documents and have been afforded the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of Buyer concerning Buyer and the terms and conditions of the offering of the Purchase Price Stock and the merits and risks of acquiring the Purchase Price Stock. Neither such inquiries nor any other investigation conducted by such Seller or on his or her behalf by its representatives or counsel shall modify, amend or affect such Seller's right to rely on the truth, accuracy and completeness of the Filed Reports and the Transaction Documents.

3.2 Buyer's Representations and Warranties. Buyer represents and warrants to Sellers that the statements contained in this Section 3.2 are correct and complete as of the date of this Agreement and the Closing Date.

(a) Organization and Qualification. Buyer is a corporation duly formed, validly existing and in good standing under the Laws of the State of Delaware, has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted, and is duly qualified or licensed to do business in each jurisdiction in which the properties owned, leased or operated by it or the nature of its activities makes such qualification necessary, except where the failure to so register would not have a Material Adverse Effect on Buyer.

(b) Authorization and Validity of Agreement. Buyer has all requisite power and authority to enter into this Agreement and each other Transaction Document to which it is or will become a party and to perform its obligations hereunder and thereunder and to consummate the Transactions. The execution, delivery and performance by Buyer of this Agreement and each other Transaction Document to which it is or will become a party and the consummation of the Transactions have been duly and validly authorized by all necessary corporate action on the part of Buyer. This Agreement and each other Transaction Document to which Buyer is or will become a party has been, or when executed shall be, duly executed and delivered by Buyer. Assuming that this Agreement and each other Transaction Document to which Buyer is or will become a party is a valid and binding agreement of the other Parties thereto, this Agreement and each such Transaction Document constitutes, or when executed shall constitute, a valid and binding agreement of Buyer, enforceable against Buyer in accordance with its terms, except: (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other Laws of general application relating to or affecting the enforcement of creditors' rights generally; (b) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies; or (c) to the extent the indemnification provisions contained herein may be limited by applicable federal or state securities Laws.

(c) Brokers or Finders. No Broker is, will or might be entitled, by reason of any agreement, act or statement by Buyer or any of its officers, employees, consultants or agents, to any Broker's Fee.

(d) No Approvals or Notices Required; No Conflict with Instruments. The execution, delivery and performance by Buyer of this Agreement or the other Transaction Documents to which it is party will not contravene or violate: (i) any existing Law to which it is subject; (ii) any judgment, order, writ, injunction, decree or award of any court, arbitrator or Governmental Authority which is applicable to it; (iii) the organizational documents of Buyer; or (iv) any contract to which Buyer is a party or by which Buyer is otherwise bound, other than consents previously obtained. No authorization, approval or consent, and no registration or filing with, any Governmental Authority is required in connection with the execution, delivery and performance of this Agreement or the related agreements and documents and the Transactions by Buyer.

(e) Legal Proceedings. There is no: (i) Legal Proceeding pending or threatened against Buyer that seeks to restrain, enjoin or delay the consummation of this Agreement or the Transactions or that seeks damages in connection therewith; or (ii) judgment, decree, injunction, rule, or order of any Governmental Authority applicable to Buyer or its businesses that has had or is reasonably likely to have, either individually or in the aggregate, a Material Adverse Effect.

(f) Compliance with Laws. Without limiting the scope of any other representation in this Agreement, Buyer and each of its Subsidiaries is in compliance and has at all times within the past five years been in material compliance with all Laws, judgments or governmental authorizations applicable to it or to the conduct of its business or the ownership or use of any of its properties or assets, except as disclosed in the Filed Reports and for any such defaults or violations or instances of non-compliance that would not reasonably be expected to have a Material Adverse Effect on Buyer. Neither Buyer nor any of its Subsidiaries has received at any time within the past five years any written notice or other written communication, or to the Knowledge of Buyer, any other notice, from any Governmental Authority or any other Person regarding any actual, alleged or potential violation of, or failure to comply with, any applicable material Law, judgment or governmental authorization, any actual or threatened revocation, withdrawal, suspension, cancellation, termination or modification of any material governmental authorization, or any actual, alleged or potential obligation on the part of Buyer or any of its Subsidiaries to undertake, or to bear all or any portion of the cost of, any material remedial action of any nature, except as disclosed in the Filed Reports.

(g) Purchase Price Stock.

(i) Except as disclosed in the SEC Reports, (A) there are no equity interests of any class of Buyer authorized, issued, reserved for issuance or outstanding, (B) there are no options, warrants, equity interests, calls, rights or other contracts to which Buyer or any of its Subsidiaries is a party or by which Buyer or any of its Subsidiaries is bound obligating Buyer or any of its Subsidiaries to issue, exchange, transfer, deliver or sell, or cause to be issued, exchanged, transferred, delivered or sold, additional equity interests of Buyer or any of its Subsidiaries, or obligating Buyer or any of its Subsidiaries to grant, extend, accelerate the vesting of, change the price of, otherwise modify or amend or enter into any such option, warrant, equity interest, call, right, or contract, (C) there are no outstanding or authorized stock appreciation, phantom stock, profit participation or similar rights with respect to Buyer or any of its Subsidiaries, and (D) no holder of Indebtedness of Buyer or any of its Subsidiaries has any right to convert or exchange such Indebtedness for any equity interests of Buyer or any of its Subsidiaries. No holder of Indebtedness of Buyer or any of its Subsidiaries has any rights to vote for the election of directors of Buyer or any of its Subsidiaries or to vote on any other matter, except upon conversion thereof into equity interests of Buyer.

(ii) All of the issued and outstanding shares of Common Stock have been duly authorized and validly issued and are fully paid and non-assessable and not subject to or issued in violation of any purchase option, right of first refusal, preemptive right, subscription right or any similar right. All of the issued and outstanding shares of capital stock of Buyer, the issued and outstanding equity interests of each subsidiary of Buyer and Buyer's outstanding options have been issued in compliance in all material respects with all applicable Laws.

(iii) Any Purchase Price Stock delivered in accordance with this Agreement shall be duly authorized, validly issued, fully paid and non-assessable, and free and clear of any Liens.

(iv) Except as disclosed in the SEC Reports, there are no obligations, contingent or otherwise, of Buyer or any of its subsidiaries to repurchase, redeem or otherwise acquire any equity interests of Buyer or any of its subsidiaries. Except as disclosed in the SEC Reports, neither Buyer nor any of its subsidiaries are subject to any obligation or requirement to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any subsidiary or any other Person (other than intercompany obligations).

(h) Independent Investigation. Buyer has conducted its own independent investigation, review and analysis of the business, results of operations, prospects, condition (financial or otherwise) or assets of the Company, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records, and other documents and data of the Sellers and the Company for such purpose. Buyer acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the Transactions, Buyer has relied solely upon its own investigation and the express representations and warranties of the Sellers set forth in Sections 3.1 and 4 of this Agreement (including the related portions of the Disclosure Schedules); and (b) none of the Sellers, the Company or any other Person has made any representation or warranty as to the Sellers, the Company or this Agreement, except as expressly set forth in Section 3.1 and 4 of this Agreement (including the related portions of the Disclosure Schedules) or the representations and warranties contained in any certificate delivered by the Sellers or the Company hereunder.

(i) Adequacy of Funds. Buyer has, and will have prior to and at the Closing adequate financial resources to satisfy its monetary and other obligations under this Agreement including the obligation to pay the Purchase Price in accordance herewith.

(j) No Integrated Offering. Neither Buyer, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of Common Stock to be integrated with prior offerings by Buyer for purposes of: (x) the Securities Act which would require the registration of any such securities under the Securities Act, or (y) any applicable shareholder approval provisions of any trading market on which any of the securities of Buyer are listed or designated.

(k) SEC Documents; Financial Statements. Except as disclosed in the SEC Reports:

(i) Buyer has timely filed or furnished all registration statements, prospectuses, forms, reports, schedules, statements and other documents (including exhibits and other information incorporated therein) required to be filed or furnished by it with the SEC since January 1, 2020 (the "SEC Reports") other than Buyer's Annual Report on Form 10-K for the fiscal year ended March 31, 2021 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2021. The SEC Reports (after giving effect to all amendments thereto) were prepared in all material respects in accordance with the requirements of the Securities Act or the Securities Exchange Act, as the case may be, and all applicable rules and regulations thereunder. To the Knowledge of Buyer, none of the SEC Reports is the subject of ongoing SEC review and there are no inquiries or investigations by the SEC or any internal investigations pending or threatened, in each case regarding any accounting practices of Buyer or any of its Subsidiaries. The SEC Reports, at the time filed or, in the case of registration statements, at each date of effectiveness, complied in all material respects with the applicable requirements of the Securities Act, the Securities Exchange Act and the Sarbanes-Oxley Act of 2002, as it may be amended from time to time (the "Sarbanes-Oxley Act"), applicable to such SEC Report, and, at the time filed or, in the case of registration statements, at each date of effectiveness, did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. As of the date of this Agreement and the Closing Date, and except to the extent that information contained in any SEC Report has been revised, amended, supplemented or superseded by a later-filed SEC Report, none of the SEC Reports contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made or will be made, not misleading. No Subsidiary of Buyer is required to file any reports or other documents with the SEC.

(ii) The consolidated financial statements contained in the SEC Reports (including, in each case, any related notes thereto): (i) complied as to form in all material respects with the applicable accounting requirements and the published rules and regulations of the SEC applicable thereto; (ii) were prepared in accordance with GAAP, except as may be indicated in the notes to such consolidated financial statements and except that the unaudited interim consolidated financial statements contained in the SEC Reports do not contain footnotes as permitted by Form 10-Q of the Securities Exchange Act; and (iii) fairly present in all material respects the consolidated financial position of Buyer as of the respective dates thereof and the consolidated results of operations and cash flows of Buyer for the periods covered thereby, except that the unaudited interim consolidated financial statements contained in the SEC Reports were or are subject to normal year-end audit adjustments, the effect of which will not, individually or in the aggregate, be material. No financial statements of any Person other than Buyer and its Subsidiaries are required by GAAP to be included in the financial statements of Buyer.

(iii) Buyer maintains, and at all times since March 31, 2021 has maintained, a system of internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act) sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Buyer and its Subsidiaries; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and that receipts and expenditures are being made only in accordance with authorizations of management and directors of Buyer; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of Buyer and its Subsidiaries that would have a material effect on the financial statements. Buyer's management has completed an assessment of the effectiveness of Buyer's system of internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act for the fiscal year ended March 31, 2021, and such assessment concluded that such controls were effective and Buyer's independent registered accountant has issued (and not subsequently withdrawn or qualified) an attestation report concluding that Buyer maintained effective internal control over financial reporting as of March 31, 2021. Each of the principal executive officer (as defined under the Sarbanes-Oxley Act) of Buyer and the principal financial officer (as defined under the Sarbanes-Oxley Act) of Buyer (or each former principal executive officer of Buyer and each former principal financial officer of Buyer, as applicable) has made all certifications required by Rule 13a-14 or 15d-14 under the Securities Exchange Act and Sections 302 and 906 of the Sarbanes-Oxley Act with respect to the SEC Reports, and the statements contained in such certifications are true and correct. Since March 31, 2021, none of Buyer, the board of directors of Buyer and the audit committee of the board of directors of Buyer has identified or received notice of any: (i) significant deficiency or material weakness (each as defined Auditing Standard No. 5 of the Public Company Accounting Oversight Board, as in effect on the date of this Agreement) in the design or operation of internal control over financial reporting utilized by Buyer or any of its Subsidiaries; (ii) any illegal act or fraud, whether or not material, that involves Buyer's senior management and relates to accounting or auditing practices or procedures; or (iii) any claim or allegation regarding any of the foregoing. Neither Buyer nor any of its Subsidiaries have outstanding, or have arranged any outstanding, "extensions of credit" to directors or executive officers within the meaning of Section 402 of the Sarbanes-Oxley Act.

(iv) Buyer maintains disclosure controls and procedures (as defined in Rules 13a-15 or 15d-15 under the Securities Exchange Act) that are designed to ensure that all information required to be disclosed in Buyer's reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that all such information is accumulated and communicated to Buyer's management as appropriate to allow timely decisions regarding required disclosure and to enable each of the principal executive officer of Buyer and the principal financial officer of Buyer to make the certifications required under the Securities Exchange Act with respect to such reports. Buyer is in compliance in all material respects with all current listing and corporate governance requirements of the Nasdaq Global Market applicable to it.

(v) Neither Buyer nor any of its Subsidiaries is a party to or has any obligation or other commitment to become a party to any joint venture, securitization transaction, off-balance sheet partnership or any similar contract (including any contract relating to any transaction or relationship between or among Buyer or any of its Subsidiaries, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity, on the other hand, or any "off-balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K under the Securities Exchange Act)) where the result, purpose or intended effect of such contract is to avoid disclosure of any material transaction involving, or material liabilities of, Buyer or any of its Subsidiaries in Buyer's or any of its Subsidiaries' published financial statements, the SEC Reports or any other document furnished or filed with the SEC.

(l) Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included within the SEC Reports, except as specifically disclosed in a subsequent SEC Report filed prior to the date hereof: (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect to Buyer, (ii) Buyer has not incurred any material liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in Buyer's financial statements pursuant to GAAP or disclosed in filings made with the SEC, (iii) Buyer has not altered its method of accounting, (iv) Buyer has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock and (v) Buyer has not issued any equity securities to any officer, director or Affiliate other than in the Ordinary Course of Business. Buyer does not have pending before the SEC any request for confidential treatment of information. Except for the issuance of the Common Stock contemplated by this Agreement, no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to Buyer or its subsidiaries or their respective businesses, properties, operations, assets or financial condition, that would be required to be disclosed by Buyer under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least two (2) trading days prior to the date that this representation is made.

(m) Non-Public Information. Except with respect to the material terms and conditions of the transactions contemplated by this Agreement, Buyer covenants and agrees that neither it, nor any other Person acting on its behalf, will provide any Seller or its agents or counsel with any information that Buyer believes constitutes material non-public information, unless prior thereto such Seller shall have entered into a written agreement with Buyer regarding the confidentiality and use of such information; provided, however, that this Section 3.2(m) shall not apply to information provided to any Seller in such Seller's capacity as an employee of, or consultant to, Buyer or any of its Subsidiaries in the course of such Seller's employment or consultancy. Buyer understands and confirms that each Seller shall be relying on the foregoing covenant in effecting transactions in securities of Buyer.

Section 4. Representations and Warranties Concerning Target. Each Seller, severally and not jointly, represents and warrants to Buyer that the statements contained in this Section 4 are correct and complete as of the date of this Agreement and on the Closing Date, except as set forth in the disclosure schedules delivered by Sellers to Buyer on the date hereof and incorporated by this reference herein (the "Disclosure Schedules").

4.1 Organization, Qualification, and Organizational Power. Target is a limited liability company duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization. Target is duly authorized to conduct business and is in good standing (with respect to jurisdictions that recognize the concept of good standing) under the laws of each jurisdiction where such qualification is required, except where failure to be so qualified would not reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect. Target has full corporate power and authority and all licenses, permits, and authorizations necessary to carry on the businesses in which it is engaged and in which it presently proposes to engage and to own and use the properties owned and used by it. Section 4.1 of the Disclosure Schedule lists the managers, directors and officers of Target. The Seller Representative has delivered to Buyer correct and complete copies of the charter and operating agreement for Target (as amended to date). To the Knowledge of Sellers, the minute books (containing the records of meetings of the Managers and Members, and any committees), the equity certificate books, and the equity record books for Target are correct and complete. Target is not in default under or in violation of any provision of its governing documents.

4.2 Capitalization. The entire authorized equity of Target consists of 1,016,667 Units, of which 1,016,667 Units are issued and outstanding and no Units are held in treasury. All of the issued and outstanding Equity have been duly authorized, are validly issued, fully paid, and non-assessable, and are held of record by Sellers. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other contracts or commitments that could require Target to issue, sell, or otherwise cause to become outstanding any of its equity. There are no outstanding or authorized appreciation, phantom, profit participation, or similar rights with respect to Target. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting of the equity of Target.

4.3 Non-contravention. Except as set forth in Section 4.3 of the Disclosure Schedule, neither the execution and the delivery of this Agreement, nor the consummation of the Transactions, will (a) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Target is subject or any provision of the charter or bylaws of Target or (b) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Target is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Lien upon any of its assets). Target does not need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order for the Parties to consummate the Transactions.

4.4 Brokers' Fees. Target has no Liability to pay any fees or commissions to any Broker, finder, or agent with respect to the Transactions.

4.5 Title to Assets. Target has good and marketable title to, or a valid leasehold interest in, the properties and material assets (or in the case of agreements of the Target, good title to all such agreements) used by it, located on its premises, or shown on the Most Recent Balance Sheet or acquired after the date thereof, free and clear of all Liens, except for properties and assets disposed of in the Ordinary Course of Business since the date of the Most Recent Balance Sheet.

4.6 No Subsidiaries, Voting Trust or Phantom Equity. Target has no Subsidiaries. There are no outstanding appreciation, phantom, profit participation, preemptive or similar rights with respect to Target. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting of any equity of Target. Target does not control directly or indirectly or have any direct or indirect equity participation in any corporation, partnership, trust, or other business association. Target does not own or have any right to acquire, directly or indirectly, any outstanding capital stock of, or other equity interests in, any Person.

4.7 Financial Statements. Complete copies of the following Target financial statements have been provided to Buyer (collectively the "Financial Statements"): (i) unaudited balance sheets and statements of income, changes in members' equity, and cash flow as of and for the fiscal year ended December 31, 2019; (ii) audited balance sheets and statements of income, changes in members' equity, and cash flow as of and for the fiscal year ended December 31, 2020 (the "Most Recent Fiscal Year End"); and (iii) unaudited balance sheets and statements of income, changes in members' equity, and cash flow (the "Most Recent Financial Statements") as of and for the month ended September 30, 2021 (the "Most Recent Fiscal Month End") for Target. The Financial Statements (including the notes thereto) were prepared in good faith based on the books and records of Target. The Financial Statements present fairly the financial condition of Target as of such dates and the results of operations of Target for such periods, are correct and complete in all material respects, and in all material respects are consistent with the books and records of Target (which books and records are correct and complete in all material respects) except, in case of the Most Recent Financial Statements, subject to normal year-end adjustment.

4.8 Events Subsequent to Most Recent Month End. Except as set forth in Section 4.8 of the Disclosure Schedule, since the Most Recent Fiscal Month End, there has not been any Material Adverse Effect with respect to Target or Target's business or operations. Without limiting the generality of the foregoing, since that date, except as set forth in Section 4.8 of the Disclosure Schedule:

(a) Target has not sold, leased, transferred, or assigned any of its material assets, tangible or intangible, other than for a fair consideration in the Ordinary Course of Business;

(b) Target has not entered into any material agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) either involving more than $50,000 or outside the Ordinary Course of Business;

(c) no party (including Target) has accelerated, terminated, modified, or cancelled any material agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) to which Target is a party or by which it is bound;

(d) Target has not imposed any Liens upon any of its assets, tangible or intangible;

(e) Target has not made any capital expenditure (or series of related capital expenditures) either involving more than $50,000 or outside the Ordinary Course of Business;

(f) Target has not made any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person (or series of related capital investments, loans, and acquisitions) either involving more than $50,000 or outside the Ordinary Course of Business;

(g) Target has not issued any note, bond, or other debt security or created, incurred, assumed, or guaranteed any indebtedness for borrowed money or capitalized lease obligation either involving more than $25,000 singly or $50,000 in the aggregate;

(h) Target has not delayed or postponed the payment of accounts payable and other Liabilities outside the Ordinary Course of Business;

(i) Target has not cancelled, compromised, waived, or released any right or claim (or series of related rights and claims) either involving more than $50,000 or outside the Ordinary Course of Business;

(j) Target has not transferred, assigned, or granted any license or sublicense of any material rights under or with respect to any Intellectual Property other than in the Ordinary Course of Business;

(k) there has been no change made or authorized in the governing documents of Target;

(l) Target has not issued, sold, or otherwise disposed of any of its equity, or granted any options, warrants, or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any of its equity;

(m) Target has not declared, set aside, or paid any dividend or made any distribution with respect to its equity (whether in cash or in kind) or redeemed, purchased, or otherwise acquired any of its equity (other than "tax distributions" to Sellers made in the Ordinary Course of Business);

(n) Target has not experienced any material damage, destruction, or loss (whether or not covered by insurance) to its property;

(o) Target has not made any loan to, or entered into any other transaction with, any of its directors, officers, and employees outside the Ordinary Course of Business;

(p) Target has not entered into or terminated any employment contract or any collective bargaining agreement, written or oral, or materially modified the terms of any existing such contract or agreement outside the Ordinary Course of Business or become bound by any collective bargaining relationship;

(q) Target has not granted any increase in the base compensation of any of its directors, officers, and employees outside the Ordinary Course of Business;

(r) Target has not adopted, materially amended, materially modified, or terminated any bonus, profit sharing, incentive, severance, or other plan, contract, or commitment for the benefit of any of its managers, directors, officers, and employees (or taken any such action with respect to any other Employee Benefit Plan);

(s) Target has not made any other material change in employment terms for any of its managers, directors, officers, and employees outside the Ordinary Course of Business;

(t) Target has not implemented any employee layoffs that could implicate the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar state, local, or non-U.S. law, regulation, or ordinance (collectively the "WARN Act") in each case, without complying therewith;

(u) Target has not made or pledged to make any charitable or other capital contribution outside the Ordinary Course of Business;

(v) Other than the transfer of certain assets of Digital Orchard, LLC and Trinity Releasing, LLC to Target on or prior to the Closing Date, there has not been any other material occurrence, event, incident, action, failure to act, or transaction outside the Ordinary Course of Business involving Target;

(w) Target has not discharged a material Liability or Lien outside the Ordinary Course of Business;

(x) Target has not made (A) any loans in any amount or (B) any advances of money other than advances to employees of less than $10,000 in the Ordinary Course of Business;

(y) Target has not disclosed any material Confidential Information to any party except pursuant to a valid confidentiality agreement or to Target's members, directors, officers, employees, auditors, attorneys, representatives or agents, in each case who have legitimate "need to know"; and

(z) Target has not committed to do any of the foregoing except as expressly required by this Agreement.

4.9 Undisclosed Liabilities. Except as set forth in Section 4.9 of the Disclosure Schedule, Target has no material Liability (and to the Knowledge of Sellers there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against any of them giving rise to any material Liability), except for (a) Liabilities reflected, reserved against or otherwise disclosed in the Most Recent Balance Sheet, (b) Liabilities that have arisen after the Most Recent Fiscal Month End in the Ordinary Course of Business (none of which results from, arises out of, relates to, is in the nature of, or was caused by any breach of contract, breach of warranty, tort, infringement, or violation of law), (c) Liabilities arising in connection with the Transactions, (d) Liabilities to be included in the computation of Transaction Expenses or Indebtedness as of the Closing, and (e) Liabilities to be included in the computation of Closing Working Capital.

4.10 Legal Compliance. Since January 1, 2018, except as set forth in Section 4.10 of the Disclosure Schedule, Target has complied in all material respects with all applicable laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder and including the Foreign Corrupt Practices Act, 15 U.S.C. 78dd-1 et seq.) of federal, state, local, and non-U.S. governments and all agencies thereof. Since January 1, 2016, no action, suit, proceeding, hearing, charge, complaint, claim, demand, or notice has been filed or commenced or, to the Knowledge of Sellers, threatened against any of them alleging any failure so to comply.

4.11 Tax Matters.

(a) Target has timely filed all Tax Returns that it was required to file under applicable laws and regulations. All such Tax Returns were correct and complete in all material respects. All Taxes due and owing by Target (whether or not shown on any Tax Return) have been timely paid. Except as set forth in Section 4.11 of the Disclosure Schedule, Target currently is not the beneficiary of any extension of time within which to file any Tax Return. No written claim has ever been made by an authority in a jurisdiction where Target does not file Tax Returns that Target is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the stock or assets of Target.

(b) Target has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party, and all Tax forms, including IRS Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed.

(c) No federal, state, local, or non-U.S. tax audits or administrative or judicial Tax proceedings are pending or being conducted with respect to Target. Target has not during the past three years received from any federal, state, local, or non-U.S. taxing authority (including jurisdictions where Target has not filed Tax Returns) any written notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any taxing authority against Target. Section 4.11(c) of the Disclosure Schedule lists all federal, state, local, and non-U.S. income Tax Returns that have been audited and indicates those Tax Returns that currently are the subject of audit. No Seller or director or officer has been contacted in writing regarding the potential examination of Tax Returns or the assessment of any additional Taxes. Sellers have delivered to Buyer correct and complete copies of all federal income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by Target filed or received since January 1, 2018.

(d) Target has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, which waiver or extension remains in effect.

(e) Target has not been a United States real property holding corporation within the meaning of Code Section 897(c)(2) during the applicable period specified in Code Section 897(c)(1)(A)(ii). Target is not a party to or bound by any Tax allocation or sharing agreement. Target (A) has not been a member of an Affiliated Group filing a consolidated federal income Tax Return (other than a group the common parent of which was Target) or (B) has any liability for the Taxes of any Person (other than Target) under Reg. Section 1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise. Target has not participated in a reportable transaction within the meaning of Code Section 6111 or 6662.

(f) Target will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(i) change in method of accounting for a taxable period ending on or prior to the Closing Date;

(ii) "closing agreement" as described in Code Section 7121 (or any corresponding or similar provision of state, local, or non-U.S. income Tax law) executed on or prior to the Closing Date;

(iii) intercompany transaction or excess loss account described in Treasury Regulations under Code Section 1502 (or any corresponding or similar provision of state, local, or non-U.S. income Tax law);

(iv) installment sale or open transaction disposition made on or prior to the Closing Date;

(v) prepaid amount received on or prior to the Closing Date;

(vi) election under Code Section 108(i); or

(vii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date.

(g) Target has not distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code Section 355 or Code Section 361.

(h) Target is not and has not been a party to any "reportable transaction," as defined in Code Section 6707A(c)(1) and Reg. Section 1.6011-4(b).

(i) Except as set forth in Section 4.11(i) of the Disclosure Schedule, Target has not received any private letter ruling from the Internal Revenue Service (or any comparable ruling from any other taxing authority).

(j) Target is not party to any Tax allocation or Tax sharing agreement, is not bound by any such agreement, and is not required to make any payment pursuant to any such agreement.

(k) Target does not have a permanent establishment (within the meaning of an applicable Tax treaty) or otherwise have an office or fixed place of business in a country other than the country in which it is organized.

(l) Target is not a party to any agreement, contract, arrangement, or plan that has resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Code Section 280G (or any corresponding provision of state, local, or non-U.S. Tax Law) in connection with the transactions contemplated by this Agreement.

(m) Target has not received any benefits (including any loans) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

(n) Target has never been an S corporation within the meaning of Code Section 1361 or a qualified subchapter S subsidiary within the meaning of Treasury Regulations Section 1.1361-2.

(o) Target has collected and remitted to the appropriate Governmental Authorities all Taxes payable with respect to services provided, or tangible personal property transferred, to its customers.

(p) Target has timely, accurately, and completely filed (i) all FinCEN Forms 114 (or predecessor forms) that it was required to file and (ii) all other federal, state local, or foreign information returns that it was required to file (or provide to any other Person).

(q) Except as indicated at Section 4.11(q) of the Disclosure Schedule, Target has correctly classified each individual who has provided services to the Company as an employee or independent contractor for Tax purposes.

(r) To the extent applicable under and consistent with Target's usual method of accounting, Target's unpaid Taxes (i) did not, as of the most recent fiscal month end, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the most recent balance sheet (rather than in any notes thereto) and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of Target in filing its Tax Returns.

4.12 Real Property.

(a) Section 4.12 of the Disclosure Schedule sets forth a complete and correct list of all real property owned or leased by the Company or otherwise occupied by the Company and lists each lease (the "Company Real Properties").

(b) All leases of Company Real Property under which the Company, as lessee, leases any material Company Real Property (each, a "Lease"), are valid, binding and enforceable against the Company in accordance with their respective terms, and the Company has a valid leasehold interests to all material Company Real Property leased by it, there is not under any such Lease any material existing default by the Company or, to the Knowledge of Sellers, any other party thereto, or any event which with notice or lapse of time would constitute such a material default, and all rent and other sums and charges due and payable under such lease have been paid.

(c) There are no Persons in possession of any portion of any of the Company Real Property owned or leased by the Company other than the Company, and no Person other than the Company has the right to use or occupy for any purpose any portion of any of the Company Real Property owned or leased by the Company, except in each case as would not, individually or in the aggregate, impair in any material respect the Company's use of such Company Real Property.

(d) The Transactions do not require the consent of any other party to such Lease which has not been delivered to Buyer, will not result in a breach of or default under such Lease, and will not otherwise cause such lease to cease to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Closing.

(e) Target's possession and quiet enjoyment of the Company Real Property under such Lease has not been disturbed and there are no material disputes with respect to such Lease.

(f) Target has not subleased, licensed or otherwise granted any Person the right to use or occupy the Company Real Property or any portion thereof.

(g) There are no Liens on the Company Real Property.

4.13 Intellectual Property.

(a) At Closing, Target will own and possess or have the right to access and use pursuant to a valid and enforceable written license, sublicense, agreement, covenant not to sue, or permission all Intellectual Property necessary or desirable for the operation of the business of Target as presently conducted and as presently proposed to be conducted. Each material item of Intellectual Property owned, accessed, or used by Target immediately prior to the Closing will be owned or available for access and use by Target on identical terms and conditions immediately subsequent to the Closing. Target has taken all commercially reasonable actions to maintain and protect each item of Intellectual Property that it currently owns or uses.

(b) Except as set forth in Section 4.13(b) of the Disclosure Schedule, Target is not interfering with, infringing upon, diluting, misappropriating, or otherwise coming into conflict with, any Intellectual Property rights of third parties which would result in a Material Adverse Effect and none of the Sellers has received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, dilution, or conflict (including any claim that Target must license or refrain from accessing or using any Intellectual Property rights of any third party) which would have resulted in a Material Adverse Effect. To the Knowledge of Sellers, no third party has interfered with, infringed upon, diluted, misappropriated, or otherwise come into conflict with, any Intellectual Property rights of Target.

(c) Section 4.13(c) of the Disclosure Schedule sets forth a complete and accurate list of all United States and foreign patents, trademarks, domain names, registered copyrights, or any other registration that has been issued to Target with respect to any of its Intellectual Property, identifies each pending application or registration that Target has made with respect to any of its Intellectual Property, and identifies each license, sublicense, agreement, covenant not to sue, or other permission that Target has granted to any third party with respect to any of its Intellectual Property (together with any exceptions). The Seller Representative has delivered to Buyer correct and complete copies of all such patents, registrations, applications, licenses, sublicenses, agreements, covenants not to sue, and permissions (as amended to date) and has made available to Buyer correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. Section 4.13(c) of the Disclosure Schedule also identifies each material unregistered trademark, service mark, logo, slogan, trade name, corporate name, Internet domain name, or other source identifier, computer software item (other than commercially available off-the-shelf software purchased or licensed for less than a total cost of $5,000) and each material unregistered copyright used by Target in connection with its business. With respect to each item of Intellectual Property required to be identified in Section 4.13(c) of the Disclosure Schedule:

(i) Target owns and possesses all right, title, and interest in and to the item, free and clear of any Lien, license, or other restriction or limitation regarding access, use, or disclosure except for such as would not result in a Material Adverse Effect;

(ii) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge; and

(iii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of Sellers is threatened that challenges the legality, validity, enforceability, access, use, or ownership of the item, and to the Knowledge of Sellers, there are no grounds for the same;

(d) Section 4.13(d) of the Disclosure Schedule identifies each item of Intellectual Property that is a motion picture or episode of a television series that any third party owns that is material to Target and that Target accesses or uses pursuant to license, sublicense, agreement, covenant not to sue, or permission. The Seller Representative has delivered to Buyer correct and complete copies of all such licenses, sublicenses, agreements, covenants not to sue, and permissions (each as amended to date). With respect to each item of Intellectual Property identified in Section 4.13(d) of the Disclosure Schedule:

(i) the license, sublicense, agreement, covenant not to sue, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect;

(ii) the license, sublicense, agreement, covenant not to sue, or permission will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following consummation of the Transactions;

(iii) no party to the license, sublicense, agreement, covenant not to sue, or permission is in material breach or default, and to the Knowledge of any of Seller, no event has occurred that with notice or lapse of time would constitute a material breach or default or permit termination, modification, or acceleration thereunder;

(iv) to the Knowledge of Sellers, no party to the license, sublicense, agreement, covenant not to sue, or permission has repudiated any provision thereof;

(v) to the Knowledge of Sellers, with respect to each sublicense, the representations and warranties set forth in Subsections 4.13(a) through 4.13(d) above are true and correct with respect to the underlying license;

(vi) to the Knowledge of Sellers, the underlying item of Intellectual Property is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(vii) except as set forth in Section 4.13(d)(vii) of the Disclosure Schedule, no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of Sellers, is threatened that challenges the legality, validity, or enforceability of the underlying item of Intellectual Property, and to the Knowledge of Sellers, there are no grounds for the same; and

(viii) except as set forth in Section 4.13(d)(viii) of the Disclosure Schedule, Target has not granted any sublicense or similar right with respect to the license, sublicense, agreement, covenant not to sue, or permission.

(e) To the Knowledge of Sellers, Target has taken all commercially reasonable actions to maintain and protect all of the Intellectual Property of Target. To the Knowledge of Sellers, the owners of any of the Intellectual Property licensed to, or used by, Target have taken all commercially reasonable actions to maintain and protect the Intellectual Property.

(f) Sellers and Target have complied with, and are presently in compliance with, all federal, state, local, and non-U.S. governmental (including, but not limited to, the Federal Trade Commission and State Attorneys General), administrative, or regulatory laws, regulations, guidelines, and rules applicable to any Intellectual Property or to personal information, except for such failure to comply as would not result in a Material Adverse Effect.

(g) Each current and former employee, consultant, director, officer and independent contractor of the Target who has created any portion of, or otherwise who would have any rights in or to, the Intellectual Property owned by Target, has entered into a valid and enforceable written agreement assigning to the Target all Intellectual Property created by such Person in the course of such Person's employment by or engagement with the Target. To the Knowledge of Sellers, no current or former employee, consultant, or independent contractor of the Target is in violation of such agreement.

(h) Target has not disclosed or delivered to any escrow agent or any other Person any of the source code relating to any Intellectual Property of Target, and no other Person has the right, contingent or otherwise, to obtain access to or use any such source code.

(i) The Intellectual Property of Target does not contain any computer code designed to disrupt, disable or harm in any manner the operation of any software or hardware. The Intellectual Property of Target contains no unauthorized feature (including any worm, bomb, backdoor, clock, timer or other disabling device, code, design or routine) that causes the software or any portion thereof to be erased, inoperable or otherwise incapable of being used, either automatically, with the passage of time or upon command by any party.

(j) Except as set forth on Section 4.13(j) of the Disclosure Schedule, all Publicly Available Software used by Target has been used in its entirety and without modification. No Intellectual Property of Target is subject to any license terms that (i) require, or condition the use or distribution of any Intellectual Property of Target on the disclosure, licensing or distribution of any source code for any portion of such Intellectual Property or (ii) otherwise impose any limitation, restriction or condition on the right or ability of Target to use or distribute any Intellectual Property of Target. "Publicly Available Software" means each of (i) any software that contains, or is derived in any manner (in whole or in part) from, any software that is distributed as free software, open source software, or pursuant to similar licensing and distribution models; and (ii) any software that requires as a condition of use, modification, and/or distribution of such software that such software or other software incorporated into, derived from, or distributed with such software (a) be disclosed or distributed in source code form; (b) be licensed for the purpose of making derivative works; or (c) be redistributable at no or minimal charge.

(k) Target has not transferred ownership of, or granted any license with respect to, any Intellectual Property of Target to any Person.

4.14 Tangible Assets. Target owns or leases all buildings, machinery, equipment, and other material tangible assets necessary for the conduct of their business as presently conducted and as presently proposed to be conducted. Each such material tangible asset is free from defects (patent and latent), has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear), and is suitable for the purposes for which it presently is used and presently is proposed to be used.

4.15 Contracts. Section 4.15 of the Disclosure Schedule lists the following contracts and other agreements to which Target is a party (collectively, the "Material Contracts"):

(a) any agreement (or group of related agreements) for the lease of personal property to or from any Person providing for lease payments in excess of $50,000 per annum;

(b) any agreement (or group of related agreements) for the purchase or sale of products, or other personal property, or for the furnishing or receipt of services, the performance of which will involve consideration in excess of $50,000;

(c) any partnership or joint venture agreement;

(d) any agreement (or group of related agreements) under which it has created, incurred, assumed, or guaranteed any indebtedness for borrowed money, or any capitalized lease obligation, in excess of $25,000 or under which it has imposed a Lien on any of its assets, tangible or intangible;

(e) any agreement concerning non-competition not otherwise disclosed in the Disclosure Schedule;

(f) any agreement with any Seller or his or her Affiliates (other than Target);

(g) any profit sharing, option, purchase, appreciation, deferred compensation, severance, or other material plan or arrangement for the benefit of its current or former managers, directors, officers, and employees;

(h) any collective bargaining agreement;

(i) any agreement for the employment of any individual on a full-time, part-time, consulting, or other basis providing for annual compensation in excess of $100,000 or providing severance benefits in excess of $10,000 or contracts providing for any payments on the change of control or ownership of the Target, its Affiliates, or any employer of any employee which could reasonably be expected to trigger IRS Code Section 280G, or providing for deferred compensation.

(j) any agreement under which it has advanced or loaned any amount to any of its managers, directors, officers, and employees;

(k) any agreement under which the consequences of a default or termination could have a Material Adverse Effect;

(l) any settlement, conciliation or similar agreement with any Governmental Authority or which will require satisfaction of any obligations after the date of this Agreement;

(m) any agreement under which Target has advanced or loaned any other Person amounts in the aggregate exceeding $25,000; or

(n) any other written agreement (or group of related written agreements) the performance of which involves consideration in excess of $100,000.

The Seller Representative has delivered to Buyer a correct and complete copy of each Material Contract. With respect to each such Material Contract: (A) the agreement is legal, valid, binding, enforceable, and in full force and effect; (B) the agreement will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the Transactions; (C) except as set forth in Section 4.15 of the Disclosure Schedule, the Company is not, and to the Knowledge of Sellers, the other party is not in material breach or default, and no event has occurred that with notice or lapse of time would constitute a material breach or default, or permit termination, modification or acceleration under the agreement; and (D) to the Knowledge of Sellers, no party has repudiated any provision of the agreement. Target is not a party to any material oral agreement.

4.16 Accounts Receivable. All accounts receivable of Target are reflected properly on its books and records, are valid receivables subject to no setoffs or counterclaims, are current and collectible in full within ninety (90) days after billing, subject only to the reserve for bad debts set forth on the face of the Most Recent Balance Sheet (rather than in any notes thereto) as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of Target.

4.17 Powers of Attorney. To the Knowledge of Sellers, there are no outstanding powers of attorney executed by or on behalf of Target.

4.18 Insurance. Section 4.18 of the Disclosure Schedule sets forth the following information with respect to each material insurance policy (including policies providing property, casualty, liability, and workers' compensation coverage and bond and surety arrangements) to which Target has been a party, a named insured, or otherwise the beneficiary of coverage at any time within the past 3 years:

(a) the name of the insurer, the name of the policyholder, and the name of each covered insured;

(b) the policy number and the period of coverage; and

(c) a description of any retroactive premium adjustments or other loss-sharing arrangements.

With respect to each such insurance policy: (A) the policy is legal, valid, binding, enforceable, and in full force and effect; (B) the policy will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the Transactions; (C) neither Target nor, to the Knowledge of Sellers, any other party to the policy is in material breach or default (including with respect to the payment of premiums or the giving of notices), and no event has occurred that, with notice or the lapse of time, would constitute such a material breach or default, or permit termination, modification, or acceleration, under the policy; and (D) to the Knowledge of Sellers, no party to the policy has repudiated any provision thereof. Target has been covered during the past three (3) years by insurance in scope and amount customary and reasonable for the businesses in which it has been engaged during the aforementioned period. Section 4.18 of the Disclosure Schedule describes any material self-insurance arrangements affecting Target.

4.19 Litigation. Section 4.19 of the Disclosure Schedule sets forth each instance in which Target (a) is subject to any outstanding injunction, judgment, order, decree, ruling, or charge or (b) is a party or, to the Knowledge of Sellers, is threatened to be made a party to any action, suit, proceeding, hearing, or investigation of, in, or before (or that could come before) any court or quasi-judicial or administrative agency of any federal, state, local, or non-U.S. jurisdiction or before (or that could come before) any arbitrator, which if adversely determined, would result in a Material Adverse Effect. There is no action pending, or to the Knowledge of Sellers, threatened against Target that (x) challenges or seeks to enjoin, alter or materially delay the Transactions or (y) would reasonably be expected to have a Material Adverse Effect.

4.20 Employees.

(a) With respect to the business of Target:

(i) there is no collective bargaining agreement or relationship with any labor organization;

(ii) to the Knowledge of Sellers, no executive or manager of Target (1) has any present intention to terminate his or her employment, or (2) is a party to any confidentiality, non-competition, proprietary rights or other such agreement between such employee and any Person besides such entity that would be material to the performance of such employee's employment duties, or the ability of such entity or Buyer to conduct the business of such entity;

(iii) no labor organization or group of employees has filed any representation petition or made any written or oral demand for recognition;

(iv) to the Knowledge of Sellers, no union organizing or decertification efforts are underway or threatened and no other question concerning representation exists;

(v) no labor strike, work stoppage, slowdown, or other material labor dispute has occurred, and none is underway or, to the Knowledge of Sellers, threatened;

(vi) to the Knowledge of Sellers, there is no workman's compensation liability, experience or matter outside the Ordinary Course of Business;

(vii) there is no employment-related charge, filed written complaint, written grievance, investigation, inquiry or obligation of any kind, pending or to the Knowledge of Sellers, threatened in any forum, relating to an alleged violation or breach by Target (or its or their officers or directors) of any employment-related law, regulation or contract; and,

(viii) to the Knowledge of Sellers, no employee or agent of Target has committed any act or omission that would give rise to material liability for any violation or breach of the type identified in subsection (vii) above.

(b) To the extent permissible under applicable Law, Section 4.20 of the Disclosure Schedule sets forth, for each employee, officer and individual who is an independent contractor of Target as of the date hereof, his or her (i) name, (ii) rate of pay or annual compensation (including actual or potential bonus payments and the terms of any commission payments or programs), (iii) title(s) (including whether full-time or part-time), (iv) status of employment or engagement, (v) date of hire or engagement, (vi) annual vacation, sick and other paid time off allowance, (vii) amount of accrued vacation, sick and other paid time off and the economic value thereof, (viii) description of other fringe benefits, (ix) terms of severance benefits, (x) status as independent contractor or employee, (xi) status as exempt or non-exempt, and (xii) work visa status. Target is in material compliance with all Laws regarding classification of each individual currently or formerly performing services for Target in the past seven (7) years as an employee or an independent contractor. Target has never leased any employees from any other Person.

(c) Except as set forth in Section 4.20 of the Disclosure Schedule, (i) there are no employees of Target, (ii) there are no written employment contracts or severance agreements with any employees of Target, and (iii) there are no written personnel policies, rules, or procedures applicable to employees of Target. True and complete copies of all such documents have been provided to Buyer prior to the date of this Agreement. Target has adequately reserved an amount sufficient to pay any amounts due to employees through the Closing Date pursuant to the bonus arrangements set forth on Schedule 4.21 in the Most Recent Financial Statements.

(d) To the Knowledge of Sellers, no employee, officer or independent contractor of Target is in material violation of any term of any employment, consulting, independent contractor, non-disclosure, non-competition, non-solicitation, or inventions assignment agreement. Target is and for three (3) years prior hereto has been in material compliance with all applicable Laws with respect to any aspect of the employment or engagement of its employees, officers and independent contractors, including with respect to employment practices, terms and conditions of employment, wage and hours, hiring practices, background checks, parental and family leave and pay, immigration, non-discrimination in employment, workers compensation and the health and safety at work of its employees, including under the Immigration Reform and Control Act, and there are no claims pending or, to the Knowledge of Sellers, threatened by any Person in respect of employment or engagement, any accident or injury or any unsatisfied obligations by Target. All employees and independent contractors have the legal right to perform services for Target in accordance with local immigration, work permit and similar applicable Laws and regulations.

(e) With respect to this Transaction, any notice required under any law or collective bargaining agreement has been or prior to the Closing Date will be given, and all bargaining obligations with any employee representative have been or prior to the Closing Date will be satisfied. Within the past five (5) years, Target has not implemented any plant closing or layoff of employees that could implicate the WARN Act, and no such action will be implemented without advance notification to Buyer.

4.21 Employee Benefits.

(a) Section 4.21 of the Disclosure Schedule lists each material Employee Benefit Plan.

(i) Each such Employee Benefit Plan (and each related trust, insurance contract, or fund) has been maintained, funded and administered in all material respects in accordance with the terms of such Employee Benefit Plan and the terms of any applicable collective bargaining agreement and complies in form and in operation in all material respects with the applicable requirements of ERISA, the Code, and other applicable laws.

(ii) All material contributions (including all employer contributions and employee salary reduction contributions) that are due have been made within the time periods prescribed by ERISA and the Code to each such Employee Benefit Plan that is an Employee Pension Benefit Plan. All premiums or other payments due have been paid or accrued with respect to each such Employee Benefit Plan that is an Employee Welfare Benefit Plan.

(iii) Each such Employee Benefit Plan that is intended to meet the requirements of a "qualified plan" under Code Section 401(a) has received a determination from the Internal Revenue Service that such Employee Benefit Plan is so qualified, and which has not been revoked, and to the Knowledge of Sellers, nothing has occurred since the date of such determination that could adversely affect the qualified status of any such Employee Benefit Plan.

(iv) To the Knowledge of Sellers, there have been no Prohibited Transactions with respect to any such Employee Benefit Plan or any Employee Benefit Plan maintained by an ERISA Affiliate which could subject any Employee Benefit Plan or any related trust, the Target or any Person that the Target has an obligation to indemnify, to any material tax or penalty under Section 4975 of the Code or Section 502 of ERISA. No Fiduciary has any Liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Employee Benefit Plan which could reasonably be expected to result in any material Liability to the Target. No action, suit, proceeding, hearing, or investigation with respect to the administration or the investment of the assets of any such Employee Benefit Plan (other than routine claims for benefits) is pending or, to the Knowledge of Sellers, threatened and none of Sellers has any Knowledge of any Basis for any such action, suit, proceeding, hearing, or investigation.

(v) The Seller Representative has delivered to Buyer correct and complete copies of the plan documents and summary plan descriptions, and all related trust agreements, insurance contracts, and other funding arrangements that implement each such Employee Benefit Plan in each case, as applicable.

(vi) Neither Target nor any ERISA Affiliate contributes to, has any obligation to contribute to, or has any Liability under or with respect to any Employee Pension Benefit Plan that is a "defined benefit plan" (as defined in ERISA Section 3(35)). No asset of any Employee Benefit Plan is subject to any Lien under ERISA or the Code.

(vii) Neither Target nor any ERISA Affiliate contributes to, has any obligation to contribute to, or has any Liability (including withdrawal liability as defined in ERISA Section 4201) under or with respect to any Multiemployer Plan.

(b) Except as set forth in Section 4.21 of the Disclosure Schedule, Target does not maintain, contribute to or have an obligation to contribute to, or have any Liability with respect to, any Employee Welfare Benefit Plan or other arrangement providing health or life insurance or other welfare-type benefits for current or future retired or terminated directors, officers or employees (or any spouse or other dependent thereof) of Target or of any other Person other than in accordance with COBRA.

(c) The consummation of the Transactions will not accelerate the time of the payment or vesting of, or increase the amount of, or result in the forfeiture of compensation or benefits under, any Employee Benefit Plan.

(d) Each Employee Benefit Plan that is a "nonqualified deferred compensation plan" subject to Code Section 409A complies with the requirements of Code Section 409A and any Internal Revenue Service guidance issued thereunder. Target has no actual or potential obligation to reimburse or otherwise "gross-up" any Person for the interest or additional tax set forth under Code Section 409A(a)(1)(B).

4.22 Guarantees. Target is not a guarantor or is not otherwise liable for any Liability (including indebtedness) of any other Person.

4.23 Environmental Laws.

(a) The Company and, to the Knowledge of Sellers, the Company Real Properties are in compliance in all material respects with applicable Environmental Laws. The Company has not received any written notice, demand, request for information, citation, summons, complaint or order, writ, judgment, injunction, subpoena indictment, decree, stipulation, determination or award entered by or with any federal, state, local or foreign governmental or regulatory authority, agency or commission, court or other legislative, executive or judicial governmental entity, including any self-regulatory organization, that remains outstanding alleging material liability against it or, to the Knowledge of Sellers, the Company Real Properties under any Environmental Laws. To the Knowledge of Sellers, none of the Company Real Properties has been used for the disposal of hazardous or toxic waste, petroleum product, polychlorinated biphenyl, asbestos or asbestos containing material, chemical, pollutant, contaminant, pesticide, radioactive substance, or other hazardous or toxic substance regulated under any Environmental Laws in material violation of applicable Environmental Laws.

(b) To the Knowledge of Sellers, none of the Company Real Properties has had any material emissions or discharges by the Company or, to the Knowledge of Sellers, any other Person for whom the Company is legally liable, of any hazardous or toxic waste, petroleum product, polychlorinated biphenyl, asbestos or asbestos containing material, chemical, pollutant, contaminant, pesticide, radioactive substance, or other hazardous or toxic substance regulated under any Environmental Laws in violation of applicable Environmental Laws.

(c) To the Knowledge of Sellers, there are no material liabilities affecting the Company under Environmental Laws.

4.24 Certain Business Relationships with Target. Except as set forth in Section 4.24 of the Disclosure Schedule, none of Sellers, their Affiliates, or Target's members, managers, or officers has been involved in any material business arrangement or relationship with Target within the past 12 months (other than as employees, directors and members of Target), and none of Sellers, their Affiliates, and Target's members, managers, or officers owns any material asset, tangible or intangible, that is used in the business of Target (other than such assets as will be transferred from Digital Orchard, LLC and Trinity Releasing, LLC concurrently with the Transactions).

4.25 No Other Representations and Warranties. Except for the representations and warranties contained in Section 3.1 and 4 (including the related portions of the Disclosure Schedule) or the representations and warranties contained in any certificate delivered by the Seller Representative, none of Sellers, the Company, or any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Sellers or the Company, including any representation or warranty as to the accuracy or completeness of any information regarding the Company furnished or made available to Buyer and its representatives or as to the future revenue, profitability or success of the Company, or any representation or warranty arising from statute or otherwise in Law.

Section 5. Additional Covenants and Agreements.

5.1 General. From the Effective Date through the Closing (such period, the "Pre-Closing Period"), and with a view towards consummation of the Transactions and a smooth transition of managerial and supervisory functions following the Closing, Sellers agree to: (a) discuss with Buyer any material operational decisions relating to the Business; (b) allow Buyer and its representatives reasonable access to the Business, management and books and records of Target and the Business at reasonable times upon reasonable prior notice; (c) continue to maintain books and records of the Business consistent with past practice; and (d) provide access to the books and records of the Business as deemed necessary by Buyer.

5.2 Continuing Business. For a period of two years from and after the Closing Date, no Seller shall take any action that is designed or intended to have the effect of discouraging any lessor, licensor, customer, supplier, or other business associate of Target from maintaining the same business relationships with Target after the Closing as it maintained with Target prior to the Closing. During such period Sellers will refer all customer inquiries relating to the business of Target to Target or Buyer from and after the Closing.

5.3 Confidentiality. From and after the Closing, each Seller shall, and shall cause his or her Affiliates or any of their respective representatives to, hold, and shall use their reasonable efforts to cause their respective representatives to hold, in confidence any and all information, whether written or oral, concerning the Business, except to the extent that such Seller can show that such information: (a) is generally available to and known by the public through no fault of such Seller, any of his or her Affiliates or their respective representatives; (b) known by such Seller, his or her Affiliates or their respective representatives prior to the disclosure of such information; (c) is lawfully acquired by such Seller, any of his or her Affiliates or their respective representatives from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation; (d) independently developed by such Seller, his or her Affiliates or their respective representatives; or (e) legally required to be disclosed by such Seller, his or her Affiliates or their respective representatives. If a Seller or any of his or her Affiliates or their respective representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, such party shall promptly notify all other Parties hereto in writing and shall disclose only that portion of such information which such party is advised by its counsel in writing is legally required to be disclosed, provided that such party shall use commercially reasonable efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

5.4 Covenant Not to Compete. For a period of three years from and after the Closing Date, Sellers shall not engage directly or indirectly in any business that is competitive with the Business in North America, other than as employees of Buyer or Target; provided, however, that no owner of less than 5% of the outstanding stock of any publicly traded corporation shall be deemed to engage solely by reason thereof in its business. If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section 5.4 is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

5.5 Operation of the Business. Except as provided otherwise herein, during the Pre-Closing Period, or if applicable, prior to the termination of this Agreement, as provided herein, Seller shall at a minimum:

(a) conduct the Business in a manner substantially consistent with ordinary past practice;

(b) not create, incur, assume or suffer to exist, any Lien of any kind upon the Equity;

(c) not amend or modify any Material Contract without the prior written consent of Buyer;

(d) not sell lease, assign, transfer or otherwise dispose of any material assets of the Business;

(e) not enter into any agreement to do any of the foregoing;

(f) not make or change any Tax election related to the Company without the prior written consent of Buyer;

(g) not amend any Tax Return of the Company without the prior written consent of Buyer; and

(h) not take any action that could reasonably be foreseen to diminish the value of the Business, have a Material Adverse Effect on the Business or have a Material Adverse Effect on the consummation of the Transactions.

5.6 Employee Matters. Sellers shall be solely responsible and Buyer shall have no responsibility whatsoever for any compensation, claims, liability or amounts payable or expenses arising before the Closing with respect to payments to any current or former employees, contractors or consultants of Target with respect to such employees, contractors or consultants accrued and unused vacation, and Target shall pay all such amounts at or prior to Closing.

5.7 Third-Party Consents. Closing of the Transactions shall be subject to the Parties obtaining all required consents from third parties (each, a "Third-Party Consent"), each as set forth on Section 5.7 of the Disclosure Schedule, and each Party shall comply with all commercially reasonable requests of the other Parties, which are necessary to obtain such third-party consents. The fees and expenses associated with obtaining the Third-Party Consents identified on Section 5.7 of the Disclosure Schedule shall be borne by Sellers.

5.8 Commercially Reasonable Efforts. Each Party shall use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Transactions, including, but not limited to, the obtaining of any regulatory approvals, the obtaining of Third-Party Consents, and the satisfaction of all conditions precedent to Closing.

5.9 Notice of Certain Events.

(a) During the Pre-Closing Period, the Seller Representative shall promptly notify Buyer in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by a Seller or Target hereunder not being true and correct;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the Transactions;

(iii) any notice or other communication from any Governmental Authority in connection with the Transactions; or

(iv) any Legal Proceeding commenced or, to Knowledge of Sellers, threatened against, relating to or involving or otherwise affecting the Business that, if pending on the date of this Agreement, would have been required to have been disclosed or that relates to the consummation of the Transactions.

(b) Buyer's receipt of information pursuant to Section 5.9(a) shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Sellers in this Agreement and shall not be deemed to amend or supplement the Disclosure Schedules. Sellers shall have the right prior to Closing to supplement, modify or amend the Disclosure Schedules with respect to any matter arising or discovered after the date hereof which if existing or known at such time would have been required to be set forth or described in the Disclosure Schedules and also with respect to events or conditions arising after the date hereof and prior to Closing. Any such supplemented, modified or amended Disclosure Schedule shall be deemed to have cured any breach of any term or condition of this Agreement; provided, however, that, if, in the absence of such supplementation, modification or amendment, Buyer shall have had the right to terminate this Agreement pursuant to Section 9, then Buyer shall have the right to so terminate this Agreement on or prior to the Closing, and any such termination by Buyer shall be Buyer's sole and exclusive remedy associated with any breach by Sellers that shall have been cured by such supplementation, modification or amendment.

(c) During the Pre-Closing Period, Buyer shall promptly notify the Seller Representative in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by Buyer hereunder not being true and correct;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the Transactions;

(iii) any notice or other communication from any Governmental Authority in connection with the Transactions; or

(iv) any Legal Proceeding commenced or, to the Knowledge of Buyer, threatened against, relating to or involving or otherwise affecting Buyer or its business, if pending on the date of this Agreement, would have been required to have been disclosed or that relates to the consummation of the Transactions.

(d) The Seller Representative's receipt of information pursuant to Section 5.9(c) shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Buyer in this Agreement.

5.10 Further Assurances. Sellers, from time to time after the Closing, at Buyer's reasonable request to the Seller Representative, shall execute, acknowledge and deliver to Buyer such other instruments of conveyance and transfer, and will take such other actions and execute and deliver such other documents, certifications and further assurances as may be reasonably required to carry out the provisions hereof and give effect to Buyer's acquisition of the Equity and the consummation of the Transactions.

5.11 Exclusivity. During the Pre-Closing Period, Sellers shall refrain from, and shall ensure that each of the Target's respective members, managers, officers, employees, investment bankers, accountants and other representatives and agents, refrain from, directly or indirectly, without the prior written consent of Buyer: (a) negotiating with any Person or entering into any agreement or understanding with any Person regarding a transaction similar to the Transactions; or (b) directly or indirectly soliciting, encouraging or considering inquires or proposals from any Person or furnish information to any other Person with respect to a transaction similar to the Transaction. The Seller Representative shall promptly advise Buyer of the identity of any Person who submits any such proposal or other communication regarding such a proposal, and provide Buyer with a copy of the submission.

5.12 Publicity. No public disclosures or announcements relating to this Agreement or the Transactions will be made without the consent of Buyer and the Seller Representative, except as may be required by Law or by any Governmental Authority or the rules of any stock exchange or trading system or as may be reasonably necessary to enforce any rights under this Agreement. Nothing herein shall preclude communications or disclosures necessary to implement the provisions of this Agreement, and each Party and its Affiliates may make such disclosures as they may consider necessary in order to satisfy their legal or contractual obligations to their lenders, shareholders, partners, members and/or investors, without the prior written consent of the other Parties.

5.13 Sale of Purchase Price Stock. Buyer shall exercise its commercially reasonable efforts (a) to prepare and file with the SEC one registration statement covering the resale of at least sixty percent (60%) of the Stock Closing Purchase Price and (b) to cause such registration statement to be declared effective by the SEC within six (6) months of the Closing Date. With respect to all Common Stock constituting part of the Stock Closing Purchase Price that is not included in any such registration statement declared effective by the SEC within such six-month period ("Unregistered Shares"), with a view to making available to the Sellers the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit the Sellers to sell shares of Common Stock to the public without registration, the Buyer covenants and agrees to exercise its commercially reasonable efforts to: (i) make and keep public information available, as those terms are understood and defined in Rule 144, until the earlier of (A) such date as all of the Unregistered Shares may be sold without restriction by the holders thereof pursuant to Rule 144 or any other rule of similar effect or (B) such date as there are no longer Unregistered Shares; (ii) file with the SEC in a timely manner all reports and other documents required of the Buyer under the Securities Exchange Act; and (iii) furnish electronically to each Seller upon request, as long as such Seller owns any Unregistered Shares, (A) a written statement by the Buyer that it has complied with the reporting requirements of the Securities Exchange Act, (B) a copy of or electronic access to the Buyer's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q in which the Buyer has furnished its annual or quarterly financial statements, and (C) such other information or documents, or provide assistance, as may be reasonably requested in order to avail such Seller of any rule or regulation of the SEC that permits the selling of any such Unregistered Shares without registration; provided, however, that the requirements of (B) above shall be satisfied to the extent that such reports are available on the SEC's Electronic Data Gathering Analysis and Retrieval System ("EDGAR"). The Buyer shall cause counsel to the Buyer to render one or more legal opinions required to be delivered in connection with Sellers' sale(s) of Unregistered Shares without cost to the Sellers.

5.14 Indemnification of Directors, Officers and Sellers. From the Closing through the sixth (6th) anniversary of the Closing, Buyer shall, and shall cause the Company to, indemnify, defend, and hold harmless, to the fullest extent permitted by Law, each person who was or is made a party or threatened to be made a party to or is involved in any proceeding by reason of the fact that such person is or was at any time prior to the Closing a director, officer or member of the Company (the "Company Indemnified Parties") against all Losses reasonably incurred or suffered by such Company Indemnified Party in connection therewith, whether claimed prior to, at, or after the Closing. The right to indemnification conferred in this Section 5.14 shall include the right to be paid by each of Buyer and the Company (including any of their successors and assigns) for the expenses incurred in defending any such proceeding, in advance of its final disposition, within thirty (30) days of receipt by Buyer or the Company from the Company Indemnified Party of a written claim therefor. The organizational documents of the Company shall contain, and Buyer shall cause the organizational documents of the Company to so contain, provisions no less favorable with respect to indemnification, advancement of expenses, and exculpation of present and former directors of the Company than are set forth in the organizational documents of the Company as of the date hereof. If Buyer, the Company or any of their successors or assigns (a) consolidates with or merges with or into any other Person and shall not be the continuing or surviving entity, partnership, or other entity of such consolidation or merger or (b) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision shall be made so that the successors and assigns of the Company assume the obligations set forth in this Section 5.14.

Section 6. Remedies for Breaches of This Agreement.

6.1 Survival of Representations and Warranties. The representations and warranties contained in Sections 3.1(a), 3.1(b)(iii), 3.1(c), 3.1(d), 4.1, 4.2, 4.4, 4.11 and 4.23 (collectively, the "Fundamental Representations") shall survive the Closing (even if the damaged Party knew or had reason to know of any misrepresentation or breach of warranty at the time of Closing) and continue in full force and effect until the expiration of the applicable statute of limitations. All of the representations and warranties of the Parties contained in this Agreement (the "Limited Survival Representations") shall survive the Closing hereunder (even if the damaged Party knew or had reason to know of any misrepresentation or breach of warranty at the time of Closing) and continue in full force and effect for the period from the Closing Date through the period that is 21 months from the Closing Date; provided, however, that the indemnification obligation set forth in Section 6.2(a)(v) shall survive the Closing for the period from the Closing Date through the period that is seven (7) years from the Closing Date.

6.2 Indemnification by Sellers.

(a) From and after the Closing, subject to the other terms and conditions of this Section 6, David Chu, Helen Hong, Michael Hong and Kingsoon Ong (together, the "Controlling Members") shall, jointly and severally, defend, reimburse, indemnify and hold harmless Buyer and its respective Affiliates, shareholders, members, directors, managers, officers, employees and agents (each such Person being referred to as a "Seller Indemnified Party"; and collectively, the "Seller Indemnified Parties"), against and in respect of any and all Losses incurred or sustained by, or imposed upon, any Seller Indemnified Parties based upon, arising out of or by reason of:

(i) the failure of any representation or warranty of a Seller contained in this Agreement, except for the representations and warranties set forth in Section 4.3(b), to be true, correct and complete as of the date such representation or warranty was made and as of the Closing Date (other than a representation or warranty which, by its express term, is made solely as of a specified date, the failure of such representation or warranty to be true, correct and complete as of such specified date);

(ii) any breach or non-performance of any covenant or agreement of a Seller set forth in this Agreement;

(iii) any Indebtedness for borrowed money of the Company or any of the Transaction Expenses, in each case to the extent not paid at Closing;

(iv) the failure of any representation or warranty of Sellers contained in Section 4.3(b) (without giving effect to any disclosures applicable thereto in the Disclosure Schedules) to be true, correct and complete as of the date such representation or warranty was made and as of the Closing Date; or

(v) the matters described in Section 4.10 of the Disclosure Schedules.

6.3 Indemnification Provisions for Sellers' Benefit.

(a) From and after the Closing, subject to the other terms and conditions of this Section 6, Buyer shall defend, reimburse, indemnify and hold harmless each Seller and his or her Affiliates and their respective directors, managers, officers, equity owners, employees, agents, consultants, attorneys and other advisors and representatives ("Buyer Indemnified Party"), against and in respect of any and all Losses incurred or sustained by, or imposed upon, any of Buyer Indemnified Party based upon, arising out of or by reason of:

(i) the failure of any representation or warranty of Buyer contained in this Agreement to be true, correct and complete as of the date such representation or warranty was made and as of the Closing Date (other than a representation or warranty which, by its express term, is made solely as of a specified date, the failure of such representation or warranty to be true, correct and complete as of such specified date); or

(ii) any breach or non-performance of any covenant or agreement of Buyer set forth in this Agreement.

6.4 Matters Involving Third Parties.

(a) If any third party notifies any Seller Indemnified Party or Buyer Indemnified Party (the "Indemnified Party") with respect to any matter (a "Third-Party Claim") that may give rise to a claim for indemnification against any other Party (the "Indemnifying Party") under this Section 6.4, then the Indemnified Party shall promptly notify the Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party is thereby prejudiced.

(b) Any Indemnifying Party will have the right to participate in the defense of the Indemnified Party against the Third-Party Claim with counsel of his, her, or its choice reasonably satisfactory to the Indemnified Party so long as (i) the Indemnifying Party notifies the Indemnified Party in writing within thirty (30) days after the Indemnified Party has given notice of the Third-Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against any Losses the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third-Party Claim, (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend against the Third-Party Claim and fulfill its indemnification obligations hereunder, (iii) the Third-Party Claim involves only money damages and does not seek an injunction or other equitable relief, and (iv) the Indemnifying Party conducts the defense of the Third-Party Claim actively and diligently; provided, however, that the Indemnifying Party shall not have the right to defend against such Third-Party Claim if the Indemnified Party in good faith determines after consultation with outside counsel that the Indemnified Party may have available to it one or more defenses or counterclaims that are inconsistent with one or more defenses or counterclaims that may be available to the Indemnifying Party in respect of a Third-Party Claim that would make it inappropriate for the same counsel to represent both the Indemnifying Party and the Indemnified Party.

(c) The Indemnifying Party shall notify the Indemnified Party within fifteen (15) days after having received any claim notice with respect to whether or not it is exercising its right to defend the Indemnified Party against the Third-Party Claim. If the Indemnifying Party has the right to and elects to assume the control of the defense of any Third-Party Claim, (i) the Indemnifying Party shall have the right to defend such Third-Party Claim with counsel selected by the Indemnifying Party (which counsel shall be subject to the approval of the Indemnified Party, such approval not to be unreasonably withheld, conditioned or delayed), (ii) the Indemnifying Party shall not enter into any settlement agreement with respect to such Third-Party Claim without the prior written consent of the Indemnified Party (which shall not be unreasonably withheld, delayed or conditioned) and (iii) the Indemnified Party shall be entitled to participate in the defense of any Third-Party Claim and to employ at its expense separate counsel of its choice for such purpose (in which case the counsel of the Indemnifying Party shall reasonably cooperate with such separate counsel to facilitate such participation, including (x) promptly providing to such separate counsel copies of all written materials received in respect of the Third-Party Claim, (y) providing such separate counsel a reasonable opportunity to review and comment on materials being drafted and furnished in respect of such Third-Party Claim (which such comments shall be considered in good faith) and (z) providing the opportunity to participate in all meetings (whether in person, by teleconference or otherwise) relating to such Third-Party Claim).

(d) If the Indemnifying Party does not notify the Indemnified Party that the Indemnifying Party elects to defend the Indemnified Party pursuant to Section 6.4(c) within fifteen (15) days after receipt of notice of a Third-Party Claim, or the Indemnifying Party is otherwise not entitled to defend the Indemnified Party pursuant to Section 6.4(b), then the Indemnified Party may defend, and be reimbursed by the Indemnifying Party for its reasonable costs and expenses in regard to, the Third-Party Claim with counsel (which may include one firm of counsel, a single local counsel in each appropriate jurisdiction and, to the extent required by the subject matter, one specialist counsel for each specialized area of law in each appropriate jurisdiction) selected by the Indemnified Party in all appropriate proceedings. In such circumstances, the Indemnified Party may defend any such Third-Party Claim and have full control of such defense and proceedings including the settlement, compromise or discharge thereof; provided, however, that no such Third-Party Claim shall be settled, compromised or discharged by the Indemnified Party without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, delayed or conditioned). The Indemnifying Party shall be entitled to participate in the defense of any Third-Party Claim described in this Section 6.4(d) and to employ one separate counsel of its choice for such purpose (in which case the counsel of the Indemnified Party shall reasonably cooperate with such separate counsel to facilitate such participation, including (x) promptly providing to such separate counsel copies of all written materials received in respect of the Third-Party Claim, (y) providing such separate counsel a reasonable opportunity to review and comment on materials being drafted and furnished in respect of such Third-Party Claim (which such comments shall be considered in good faith) and (z) providing the opportunity to participate in all meetings (whether in person, by teleconference or otherwise) relating to such Third-Party Claim). The fees and expenses of such separate counsel shall be paid by the Indemnifying Party.

(e) Each party shall cooperate, and cause its respective Affiliates to cooperate, in the defense or prosecution of any Third-Party Claim and shall furnish or cause to be furnished such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials or appeals, as may be reasonably requested in connection therewith; provided that no Indemnified Party, upon reasonable advice of counsel, shall have any obligation to disclose any information the disclosure of which would reasonably be expected to result in a violation of applicable Law or is subject to attorney-client or any other privilege, and if requested by an Indemnified Party, the Indemnifying Party will enter into an appropriate joint defense agreement (or other privilege-preserving agreement) in connection with obtaining access to such information.

6.5 Direct Claim Procedures. In the event an Indemnified Party brings a claim for indemnity against an Indemnifying Party that does not involve a Third-Party Claim (a "Direct Claim"), the Indemnified Party shall give prompt notice in writing of such Direct Claim to the Indemnifying Party. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party is materially prejudiced by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail (excluding anything subject to attorney-client or similar privilege) with respect thereto and shall indicate the estimated amount, if reasonably known and quantifiable and assuming the truth of the facts asserted therein, of the Losses that have been or may be sustained by the Indemnified Party; provided, however, that (a) the notice with respect to a Direct Claim (a "Direct Claim Notice") need only specify such information to the knowledge of such Indemnified Party as of the date of such notice and (b) shall be updated and amended from time to time by the Indemnified Party by delivering an updated or amended Direct Claim Notice. The Indemnifying Party shall have sixty (60) days after its receipt of such notice to respond in writing to such Direct Claim Notice. During such 60-day period, the Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim, and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including reasonable access to the Indemnified Party's, the Company's and its Subsidiaries' premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. The Indemnifying Party may object to a claim for indemnification set forth in a Direct Claim Notice by delivering a notice to the Indemnified Party seeking indemnification within sixty (60) days of the delivery of the applicable Direct Claim Notice (the "Direct Claim Objection Deadline"), setting forth in reasonable detail the objections to the Direct Claim. If the Indemnifying Party notifies the applicable Indemnified Party that it objects by the Direct Claim Objection Deadline or fails to object by the Direct Claim Objection Deadline, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

6.6 Other Indemnification Provisions. Each Party hereby agrees that he, she or it will not make any claim for indemnification against any other Party by reason of the fact that he, she or it was a director, officer, employee, or agent of any such entity or was serving at the request of any such entity as a partner, trustee, director, officer, employee, or agent of another entity (whether such claim is for judgments, damages, penalties, fines, costs, amounts paid in settlement, Losses, expenses, or otherwise and whether such claim is pursuant to any statute, charter document, bylaw, agreement, or otherwise) with respect to any action, suit, proceeding, complaint, claim, or demand brought against such Party (whether such action, suit, proceeding, complaint, claim, or demand is pursuant to this Agreement, applicable law, or otherwise).

6.7 Limitations on Indemnification. Notwithstanding anything to the contrary in this Section 6 or elsewhere in this Agreement:

(a) In no event shall the Controlling Members be required to provide indemnification pursuant to Section 6.2(a)(i) unless and until the Seller Indemnified Parties shall have incurred aggregate Losses in excess of $100,000 (the "Basket") resulting from otherwise indemnifiable matters set forth in Section 6.2(a)(i), after which the Controlling Members shall be required to provide indemnification for Losses from the first dollar.

(b) In no event shall Buyer be required to provide indemnification pursuant to Section 6.3(a)(i) unless and until the Buyer Indemnified Parties shall have incurred aggregate Losses in excess of the Basket resulting from otherwise indemnifiable matters set forth in Section 6.3(a)(i), after which Buyer shall be required to provide indemnification for Losses from the first dollar.

(c) The aggregate amount of all Losses for which the Controlling Members shall be liable pursuant to Section 6.2(a)(i) shall not exceed $800,000. The aggregate amount of all Losses for which Buyer shall be liable pursuant to Section 6.3(a)(i) shall not exceed $800,000. The limitations set forth in this Section 6.7(c) shall not apply to Losses based upon, arising out of, or by reason of Section 6.2(a)(ii)-(v), Section 6.3(a)(ii), any inaccuracy in or breach of any Fundamental Representation, and intentional misconduct, intentional misrepresentation or Fraud, which shall not exceed the Purchase Price.

6.8 Materiality Scrape. All materiality qualifications contained in the representations, warranties and covenants of the Company, Sellers and Buyer set forth in this Agreement (however phrased) shall be ignored and not given any effect under this Section 6 for purposes of determining the amount of Losses arising out of or relating to a breach of such representation and warranty or covenant and agreement for purposes of this Section 6.

6.9 Exclusive Remedy. Except for claims based on Fraud in connection with the Transactions and the other Transaction Documents, the indemnification rights of each Indemnified Party under this Section 6 are the Parties' sole and exclusive remedies with respect to any misrepresentation, breach of warranty or failure to fulfill any agreement or covenant hereunder, except for a Party's rights to seek specific performance, injunctive relief or other equitable relief.

Section 7. Tax Matters. The following provisions shall govern the allocation of responsibility as between Buyer and Seller for certain tax matters following the Closing Date:

7.1 Tax Indemnification. The Controlling Members shall, jointly and severally, defend, reimburse, indemnify and hold harmless each Seller Indemnified Party against and in respect of any and all Losses incurred or sustained by, or imposed upon, any Seller Indemnified Party based upon, arising out of or by reason of (i) all Taxes (or the non-payment thereof) of Target for all taxable periods ending on or before the Closing Date and the portion through the end of the Closing Date for any taxable period that includes (but does not end on) the Closing ("Pre-Closing Tax Period"), (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which Target (or any predecessor of any of the foregoing) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation Section 1.1502-6 or any analogous or similar state, local, or non-U.S. law or regulation, and (iii) any and all Taxes of any person (other than Target) imposed on Target as a transferee or successor, by contract or pursuant to any law, rule, or regulation, which Taxes relate to an event or transaction occurring before the Closing, except, in all the foregoing clauses (i) – (iii), to the extent such Taxes were included in Closing Working Capital, Indebtedness or Transaction Expenses (each as finally determined).

7.2 Straddle Period. In the case of any taxable period that includes (but does not end on) the Closing Date (a "Straddle Period"), the amount of any Taxes based on or measured by income, receipts, or payroll of Target for the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date (and for such purpose, the taxable period of any partnership or other pass-through entity in which Target holds a beneficial interest shall be deemed to terminate at such time) and the amount of other Taxes of Target for a Straddle Period that relates to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in such Straddle Period.

7.3 Responsibility for Filing Tax Returns.

(a) Sellers shall prepare or cause to be prepared and timely file or cause to be timely filed all income Tax Returns for Target that are filed after the Closing Date for a Tax period that ends on or before the Closing Date (including, for the avoidance of doubt, the final IRS Form 1065 and analogous state and local Tax Returns). Sellers shall provide a draft of each such Tax Return (together with schedules, statements and, to the extent reasonably requested by Buyer, supporting documentation) to Buyer for Buyer's review and comment at least thirty (30) days prior to the due date, including extensions, for the filing of such Tax Return, except that if such due date is less than ninety (90) days following the Closing Date, Sellers shall deliver such draft to Buyer as soon as reasonably practicable. Each such Tax Return shall be prepared in a manner consistent with past practice of Target, including its historic method of accounting and the timing of items of income or deduction, except as otherwise required by this Agreement or by applicable Law. Buyer shall notify Sellers in writing of any objection to any items in any such draft Tax Return within fifteen (15) days after receipt by Buyer of such draft Tax Return. Any such objection(s) shall be resolved in good faith and in a manner mutually agreeable to Buyer and Sellers. Buyer shall make available appropriate personnel and records to assist Sellers in preparing such Tax Returns. Buyer shall cause an officer of Target to sign these returns.

(b) Buyer shall prepare or cause to be prepared and timely file or cause to be timely filed all Tax Returns for Target that are filed after the Closing Date for a Tax period that ends on or before the Closing Date or any Straddle Period (other than Tax Returns described in Section 7.3(a)). To the extent any such Tax Return may serve as the basis for a claim by Buyer or its Affiliates for reimbursement or indemnification hereunder (or reports Taxes that Seller is directly liable for under applicable Law), Buyer shall provide a draft of each such Tax Return (together with schedules, statements and, to the extent reasonably requested by Seller, supporting documentation) to Sellers for Sellers' review and comment at least thirty (30) days prior to the due date, including extensions, for the filing of such Tax Return, except that if such due date is less than ninety (90) days following the Closing Date, Buyer shall deliver such draft to Sellers as soon as reasonably practicable. Sellers shall notify Buyer in writing of any objection to any items in any such draft Tax Return within fifteen (15) days after receipt by Sellers of such draft Tax Return. Any such objection(s) shall be resolved in good faith and in a manner mutually agreeable to Sellers and Buyer.

7.4 Cooperation on Tax Matters.

(a) Each Party shall promptly advise the other Party of the commencement of any Tax audit or proceeding that could involve the Target's or the Sellers' Tax liability for any period (or portion thereof) ending on or before the Closing Date. Sellers shall have the right (but not the obligation) to represent the Target's interests in any such Tax audit or other Tax proceeding and to employ counsel of its choice, but reasonably satisfactory to Buyer, at Sellers' expense, to the extent the audit or other proceeding pertains to Tax periods (or a portion thereof) ending on or before the Closing Date. In such event, Sellers shall consult with and keep Buyer informed regarding the status of such Tax audit or other proceeding.

(b) Buyer, Target, and Sellers shall cooperate to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns pursuant to this Section 7 and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyer and Sellers agree (A) to retain all books and records with respect to Tax matters pertinent to Target relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Buyer or Seller, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (B) to give the other Party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other Party so requests, Target or Sellers, as the case may be, shall allow the other Party to take possession of such books and records.

(c) Buyer and Sellers further agree, upon request, to use their commercially reasonable best efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the Transactions).

(d) Buyer and Sellers further agree, upon request, to use commercially reasonable efforts to provide the other Party with all information that either Party may be required to report pursuant to Code Section 6043, or Code Section 6043A, or Treasury Regulations promulgated thereunder.

7.5 Tax-Sharing Agreements. All tax-sharing agreements or similar agreements with respect to or involving Target shall be terminated as of the Closing Date and, after the Closing Date, Target shall not be bound thereby or have any liability thereunder.

7.6 Certain Taxes and Fees. All transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the Transactions shall be paid one-half by Sellers and one-half by Buyer when due, and Buyer will, at their own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes, fees and charges, and, if required by applicable law, Sellers will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation.

7.7 Tax Refunds. Buyer will cause to be promptly paid to Sellers the amount of any refund of Taxes of Target for any Pre-Closing Tax Period (or portion thereof) received by Buyer, Target or any Affiliate of Target, but only to the extent such refund was not attributable to a carryback from, or event occurring during, a period ending after the Closing Date.

7.8 Certain Post-Closing Actions. Without the prior consent of the Seller Representative (not to be unreasonably withheld, conditioned or delayed), Buyer shall not enter into any voluntary disclosure agreement or take any other action outside the Ordinary Course of Business with respect to the matters described in Section 4.10 of the Disclosure Schedules if such action would reasonably be expected to cause any of the Sellers to be liable for additional Taxes (or Losses with respect thereto) under this Agreement or directly pursuant to applicable Law.

Section 8. Conditions Precedent to Closing.

8.1 Conditions Precedent to the Obligations of Buyer. The obligations of Buyer to consummate the Transactions are also subject to the satisfaction at or prior to the Closing Date of each of the following conditions, unless waived by Buyer in writing:

(a) Each representation and warranty of Sellers and Target contained in this Agreement shall, if specifically qualified by materiality or Material Adverse Effect, be true and correct in all respects and, if not so qualified, be true and correct in all material respects, in each case as of the date of this Agreement and on and as of the Closing Date, as though made on and as of such date (other than those representations and warranties made as of a specific date, which shall be true and correct or true and correct in all material respects, as the case may be, as of such date).

(b) Sellers shall have performed in all material respects all of their respective obligations and agreements, and complied in all material respects with all covenants and conditions, contained in this Agreement to be performed or complied with by it prior to or on the Closing Date; provided, that, with respect to obligations and agreements that are qualified by materiality, Sellers shall have performed such obligations and agreements, as so qualified, in all respects.

(c) Target shall have delivered to Buyer (i) a certificate, dated as of the Closing Date, signed by a duly authorized officer of Target, certifying as to the fulfillment of the conditions specified in Sections 8.1(a) and (b), (ii) a certificate of the secretary of Target, dated as of the Closing Date, certifying as to (A) the good standing of Target (with good standing certificates attached), (B) due authorization of this Agreement and the Transactions by Target (with resolutions attached), (C) true and correct attached copies of the organizational documents of Target, and (D) the names and signatures of all officers of Target having authority to execute and deliver the Transaction Documents to which Target is a Party.

(d) There shall not have been any material statute, rule, regulation, order, judgment or decree proposed, enacted, promulgated, entered, issued, enforced or deemed applicable by any foreign or United States federal, state or local Governmental Authority, and there shall be no action, suit or proceeding pending or threatened, which: (i) makes or may make any Transaction Document or any of the Transactions illegal, or imposes or may impose material damages or penalties in connection therewith; or (ii) otherwise prohibits or unreasonably delays, or may prohibit or unreasonably delay the Transactions.

(e) Sellers shall have delivered to Buyer all of the items required to be delivered in accordance with this Agreement, including duly executed counterparts to all documents and deliveries set forth therein.

(f) Since the Effective Date, nothing shall have occurred, and Buyer shall not have become aware of any circumstance, change or event having occurred prior to such date, which individually or in the aggregate, has had or could reasonably be expected to have, a Material Adverse Effect on the Transactions.

(g) Buyer shall have completed its due diligence of the results of the audit of Target's 2020 annual financial statements, and the results of the audit shall be satisfactory to Buyer in Buyer's sole discretion.

(h) Target shall have repaid or otherwise secured release of those certain tax liens identified on Exhibit F attached hereto, and the documentation of such repayment or release shall be reasonably satisfactory to Buyer.

(i) Target shall have received release of those certain UCC financing statements identified on Exhibit G attached hereto, and the documentation of such release shall be reasonably satisfactory to Buyer.

(j) All approvals and consents by any Governmental Authority required in connection with the consummation of the Transactions shall have been obtained and shall be in full force and effect; all filings with any Governmental Authority, as are required in connection with the consummation of such Transactions, shall have been made; and all waiting periods, if any, applicable to the consummation of such Transactions imposed by any Governmental Authority shall have expired.

(k) Sellers shall have obtained the Third-Party Consents.

(l) Sellers shall have delivered to Buyer such other documents or instruments as Buyer reasonably requests and are reasonably necessary to consummate the Transactions.

8.2 Conditions Precedent to the Obligations of Sellers. The obligations of Sellers to consummate the Transactions are also subject to the satisfaction at or prior to the Closing Date of each of the following conditions, unless waived by the Seller Representative in writing:

(a) Each representation and warranty of Buyer contained in this Agreement shall, if specifically qualified by materiality or Material Adverse Effect, be true and correct in all respects and, if not so qualified, be true and correct in all material respects, in each case as of the date of this Agreement and on and as of the Closing Date, as though made on and as of such date (other than those representations and warranties made as of a specific date, which shall be true and correct or true and correct in all material respects, as the case may be, as of such date).

(b) Buyer shall have performed in all material respects all of its obligations and agreements, and complied in all material respects with all covenants and conditions, contained in this Agreement shall to be performed or complied with by it prior to or on the Closing Date; provided, that, with respect to obligations and agreements that are qualified by materiality, Buyer shall have performed such obligations and agreements, as so qualified, in all respects.

(c) Buyer shall have delivered to Seller a certificate, dated the Closing Date, signed by a duly authorized officer of Buyer certifying as to (i) the fulfillment of the conditions specified in Sections 8.2(a) and (b), and (ii) the incumbency of each Person having authority to execute and deliver this Agreement and the Transaction Documents to which Buyer is party.

(d) There shall not have been any material statute, rule, regulation, order, judgment or decree proposed, enacted, promulgated, entered, issued, enforced or deemed applicable by any foreign or United States federal, state or local Governmental Authority, and there shall be no action, suit or proceeding pending or threatened, which: (i) makes or may make any Transaction Document or any of the Transactions illegal, or imposes or may impose material damages or penalties in connection therewith; or (ii) otherwise prohibits or unreasonably delays, or may prohibit or unreasonably delay the Transactions.

(e) Since the date hereof, nothing shall have occurred, and Sellers shall not have become aware of any circumstance, change or event having occurred prior to such date, which individually or in the aggregate, has had or could reasonably be expected to have, a Material Adverse Effect on the consummation of the Transactions.

(f) Since the date hereof, there shall not have been any Material Adverse Effect on Buyer, or any event, change, or effect that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Buyer.

(g) Buyer shall have delivered to Sellers such other documents or instruments as Sellers reasonably request and are reasonably necessary to consummate the Transactions.

Section 9. Termination.

9.1 This Agreement may be terminated at any time prior to the Closing Date:

(a) By the written agreement of Buyer and the Seller Representative (on behalf of himself, the Company and the Sellers);

(b) By either Buyer or the Seller Representative (on behalf of himself, the Company and the Sellers), if the Closing shall not have occurred on or before February 21, 2022 (or such other date to which Buyer and the Seller Representative may agree in writing) (the "End Date"); provided, however, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to any Party that has failed to perform or comply with any of the covenants, agreements, or conditions hereof to be performed or complied with by it (or the Company or the Sellers, for the Seller Representative) prior to the Closing if such failure to perform or comply is curable;

(c) By Buyer, if Buyer is not then in material breach of any provision of this Agreement, upon a material breach of any representation or warranty of the Company or the Sellers set forth in this Agreement, or upon a material breach of any covenant or agreement of the Sellers or the Company set forth in this Agreement; provided, however, that if such breach is curable by the Company or the Sellers prior to the End Date through the exercise of commercially reasonable efforts, then Buyer may not terminate this Agreement under this Section 9.1(c) prior to the End Date so long as the Company or the Sellers, as the case may be, continue to exercise commercially reasonable efforts to cure the breach (and then only if such breach has not been cured);

(d) By the Seller Representative (on behalf of itself and the Company and the Sellers), if the Company and the Sellers are not then in material breach of any provision of this Agreement, upon a material breach of any representation, warranty, covenant or agreement of Buyer set forth in this Agreement; provided, however, that if such breach is curable by Buyer prior to the End Date through the exercise of commercially reasonable efforts, then the Seller Representative may not terminate this Agreement under this Section 9.1(d) prior to the End Date so long as Buyer continues to exercise commercially reasonable efforts to cure the breach (and then only if such breach has not been cured); or

(e) By Buyer or the Seller Representative, by written notice to the other, in the event that:

(i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited; or

(ii) any Governmental Authority shall have issued an Order restraining or enjoining the transactions contemplated by this Agreement and such Order shall have become final and non-appealable.

9.2 Effect of Termination. In the event of the termination of this Agreement pursuant to the provisions of Section 9.1, this Agreement shall become void and have no effect, without any liability to any party, any Affiliates of such party or any of the officers, directors, shareholders, partners, members, managers, trustees, employees, agents, advisors, representatives of such party or its Affiliates in respect of this Agreement or the transactions contemplated hereby, except that:

(a) any such termination shall not affect the parties' respective rights and obligations under Section 5.3, Section 5.12, Section 9 and Section 10; and

(b) that nothing herein shall relieve any party hereto from liability for any intentional breach of any provision hereof.

Section 10. Miscellaneous.

10.1 Expenses. Each Party shall pay all of its own fees, costs and expenses (including fees, costs and expenses of legal counsel and other representatives) in connection with the negotiation of this Agreement, the performance of its obligations hereunder and the consummation of the Transactions.

10.2 Notices.

(a) All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally (by courier service or otherwise), or mailed (certified or registered mail with postage prepaid and return receipt requested, or overnight delivery service), or sent by electronic transmission, as follows:

Notice to Buyer: Cinedigm Corp.
Attn.: General Counsel
2355 Westwood Blvd #779
Los Angeles, CA 90064
E-mail: gloffredo@cinedigm.com

With a Copy to: Kelley Drye & Warren LLP
Attn: Jonathan Cooperman, Esq. and Carol Sherman, Esq.
3 World Trade Center
175 Greenwich Street
New York, NY 10007
E-mail: jcooperman@kelleydrye.com;
csherman@kelleydrye.com

Notice to Sellers: David Chu, the Seller Representative
Asian Media Rights, LLC, d/b/a Digital Media Rights
264 W. 40th Street
15th Floor
New York, NY 10018
E-mail: davidchu@digitalmediarights.com

With a Copy to: Jasso Lopez PLLC
Attn: Erik Lopez
950 E. State Hwy 114
Suite 160
Southlake, TX 76092
E-mail: erik@jassolopez.com

(b) Any such notice shall be deemed to have been given: (i) upon actual delivery, if delivered by hand; (ii) on the following Business Day, if delivered by same-day or overnight courier service; (iii) on the third (3rd) Business Day following the mailing of such notice by certified or registered mail; and (iv) upon sending such notice, if sent via electronic transmission with receipt confirmation.

10.3 Entire Agreement. This Agreement (including the Disclosure Schedules and Exhibits) constitutes the entire agreement among the Parties with regard to the subject matter hereof, and supersedes all prior agreements and understandings, oral and written, among the Parties with respect to the subject matter hereof. In the event of any inconsistency between the statements in the body of this Agreement and those in the Disclosure Schedules and/or Exhibits hereto (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in this Agreement shall control and govern.

10.4 Assignment; Binding Effect; Benefit. Neither this Agreement nor any of the rights, benefits, or obligations hereunder may be assigned by either Party (whether by operation of Law or otherwise) to a third party without the prior written consent of the other Parties, which consent shall not be unreasonably withheld, delayed, or conditioned; provided, that Buyer may assign or transfer this Agreement (and its rights and obligations under this Agreement), in whole or in part, without the consent of Seller to one or more of its Affiliates. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by a Party and their respective successors and permitted assigns. Nothing herein, express or implied, is intended to or shall confer upon any other Person (except for the Seller Indemnified Parties and the Buyer Indemnified Parties) any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

10.5 Amendment. This Agreement may not be amended except by an instrument in writing signed by or on behalf of each Party hereto.

10.6 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.7 Counterparts; Electronic Signatures. This Agreement may be executed in multiple counterparts, all of which taken together will be deemed one original. A counterpart of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

10.8 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement, the Transactions, all relationships among the Parties hereunder and all disputes and proceedings (in contract, tort or otherwise) arising out of or relating to any of the foregoing shall be governed by, and construed in accordance with, and enforced in accordance with, the Laws of the State of New York, without giving effect to any choice or conflict of law provision (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS MAY BE INSTITUTED IN THE UNITED STATES DISTRICT COURTS OF NEW YORK OR THE COURTS OF THE STATE OF NEW YORK LOCATED IN THE COUNTY OF NEW YORK, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS (AND ALL APPROPRIATE APPELLATE COURTS THEREFROM) IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH IN SECTION 10.2 SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (ii) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.8.

10.9 Joint Participation in Drafting this Agreement. The Parties acknowledge and confirm that each of their respective attorneys has participated jointly in the drafting, review and revision of this Agreement and that it has not been written solely by counsel for any Party and that each Party has had the benefit of its independent legal counsel's advice with respect to the terms and provisions hereof and its rights and obligations hereunder. Each Party hereto, therefore, stipulates and agrees that the rule of construction to the effect that any ambiguities are to be or may be resolved against the drafting Party shall not be employed in the interpretation of this Agreement to favor any Party against another and that no Party shall have the benefit of any legal presumption or the detriment of any burden of proof by reason of any ambiguity or uncertain meaning contained in this Agreement.

10.10 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the validity or enforceability of the other provisions of this Agreement as a whole will not be affected; and, in such event, such provision will be changed and interpreted so as best to accomplish the objectives of such provision within the limits of applicable Law or applicable court decision.

10.11 Specific Performance. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

10.12 Delays and Omissions; Waiver. No delay, failure or waiver by any Party to exercise any right or remedy under this Agreement, and no partial or single exercise of any such right or remedy, will operate to limit, preclude, cancel, waive or otherwise affect such right or remedy, nor will any single or partial exercise of such right or remedy limit, preclude, impair or waive any further exercise of such right or remedy or the exercise of any other right or remedy.

10.13 Representation by Counsel. Each Party represents and warrants to the other Parties that it has consulted with, and has been represented by, the attorney(s) of its choosing with reference to this Agreement and the Transactions.

10.14 Disclosure Schedules. Notwithstanding anything to the contrary contained in this Agreement, any information disclosed in one section of the Disclosure Schedules shall be deemed to be disclosed in such other section(s) of the Disclosure Schedules to the extent that the disclosure is reasonably apparent from its face to be applicable to such other section(s) of the Disclosure Schedules. Any disclosures in the Disclosure Schedules that refer to a document are qualified in their entirety by reference to the text of such document, including all amendments, exhibits, schedules and other attachments thereto. Updates to all other Disclosure Schedules may be made only upon mutual agreement of the Parties. Any such update(s) as aforesaid shall be deemed incorporated into the Disclosure Schedules.

10.15 Seller Representative.

(a) By the execution and delivery of this Agreement, each Seller hereby irrevocably constitutes and appoints David Chu as the Seller Representative, and in such capacity, to be the true and lawful agent and attorney-in-fact of such Seller with full powers of substitution to act in the name, place and stead of thereof with respect to the performance on behalf of such Seller under the terms and provisions of this Agreement and the Transaction Documents, as the same may be from time to time amended, and to do or refrain from doing all such further acts and things, and to execute all such documents on behalf of such Seller, if any, as the Seller Representative will deem necessary or appropriate in connection with any of the transactions contemplated under this Agreement or any of the Transaction Documents, including: (i) agree upon or compromise any matter related to the calculation of any adjustments to the Purchase Price under this Agreement; (ii) direct the distribution of the Purchase Price; (iii) act for Sellers with respect to all indemnification matters referred to in this Agreement, including the right to compromise on behalf of Sellers any indemnification claim made by or against Sellers, if any; (iv) act for Sellers with respect to all post-Closing matters; (v) terminate, amend or waive any provision of this Agreement; (vi) employ and obtain the advice of legal counsel, accountants and other professional advisors as the Seller Representative, in the Seller Representative's sole discretion, deems necessary or advisable in the performance of his duties as the Seller Representative and to rely on their advice and counsel; (vii) incur and pay expenses, including fees of brokers, attorneys and accountants incurred pursuant to the transactions contemplated hereby, and any other fees and expenses allocable or in any way relating to such transaction or any indemnification claim, whether incurred prior or subsequent to Closing; (viii) receive all or any portion of the Purchase Price and to distribute the same; (ix) distribute the Seller Representative Reserve; (x) sign any releases or other documents with respect to any dispute or remedy arising under this Agreement or the Transaction Documents; and (xi) do or refrain from doing any further act or deed on behalf of Sellers which the Seller Representative deems necessary or appropriate, in his sole discretion after consultation with Michael Hong, relating to the subject matter of this Agreement as fully and completely as any Seller could do if personally present and acting. The Seller Representative hereby accepts his appointment and authorization as the Seller Representative under this Agreement.

(b) The appointment of the Seller Representative will be deemed coupled with an interest and will be irrevocable, and any other Person, including Buyer and the Company may conclusively and absolutely rely, without inquiry, upon any actions of the Seller Representative as the acts of Sellers hereunder or any Transaction Document to which they are a party. The Seller Representative will act for Sellers on all of the matters set forth in this Agreement in the manner the Seller Representative believes to be in the best interest of Sellers, but the Seller Representative will not be responsible to Sellers for any loss or damage that any Seller may suffer by reason of the performance by the Seller Representative of such Seller Representative's duties under this Agreement, other than loss or damage arising from fraud, gross negligence or willful misconduct in the performance of the Seller Representative's duties under this Agreement. Sellers do hereby jointly and severally agree to indemnify and hold the Seller Representative harmless from and against any and all Losses reasonably incurred or suffered as a result of the performance of the Seller Representative's duties under this Agreement. The Seller Representative will not be entitled to any fee, commission or other compensation for the performance of his services hereunder, but will be entitled to the payment from Sellers on a pro rata basis of all expenses incurred as the Seller Representative, which payment may be recovered by the Seller Representative from the Seller Representative Reserve.

(c) If the Seller Representative shall die, become disabled, resign or otherwise be unable to fulfill his responsibilities as agent of Sellers, then Sellers shall, within ten (10) days after such death or disability, appoint a successor agent and, promptly thereafter (but in any event within two (2) Business Days after such appointment), shall notify Buyer in writing of the identity of such successor; provided, that if for any reason no successor has been appointed within such ten (10) day period, then any Seller will have the right to petition a court of competent jurisdiction for appointment of a successor to the Seller Representative. Any such successor shall be appointed by the written consent of Sellers, and any successor so appointed shall become the "Seller Representative" for purposes of this Agreement.

(d) All notices or other communications required to be made or delivered by Buyer to Sellers shall be made to the Seller Representative for the benefit of Sellers. All notices or other communications required to be made or delivered by Sellers shall be made by the Seller Representative.

10.16 Pre-Closing Communications and Privileges. From and after the Closing, (a) Sellers shall be the sole and exclusive holder of the attorney-client privilege and all other privileges with respect to the engagement of Jasso Lopez PLLC ("Seller Counsel") by the Company (and/or its Affiliates) and any services rendered by Seller Counsel as part of that engagement, and none of Buyer, the Company or any of their subsidiaries or Affiliates shall be a holder of any such privilege; (b) the ownership of, title to, and all rights associated with any and all communications (including any attachments, draft documents or enclosures) made or sent between or among (i) Sellers, the Company and/or any of their Affiliates, and (ii) Seller Counsel, that concern, refer, discuss or relate to (A) this Agreement, (B) the transactions contemplated by this Agreement, or (C) any negotiations regarding or relating to this Agreement, shall solely and exclusively belong to Sellers (and none of Buyer, the Company or their respective Affiliates); (c) the ownership of, title to, and all rights associated with any and all pre-Closing communications (including any attachments, draft documents or enclosures) made or sent between or among employees of the Company (and/or its Affiliates), contractors of the Company (and/or its Affiliates), and/or Sellers that concern, refer, discuss, or relate to the Company (or its Affiliates) will belong exclusively to Sellers, except to the extent necessary to the post-Closing operations of the Company; and (d) Seller Counsel shall have no duty whatsoever to reveal or disclose any attorney-client communications with Sellers, the Company, and/or any of their Affiliates to Buyer, the Company, or any of their Affiliates, whether by reason of any attorney-client relationship between Seller Counsel and the Company or any of its Affiliates or otherwise. This Section 10.16 is irrevocable, and no term of this section may be amended, waived, or modified without the prior written consent of Sellers.

[Signatures Appear on the Following Page]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

BUYER:

CINEDIGM CORP.

By: /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: Chief Operating Officer,
General Counsel and Secretary

SELLERS:

/s/ David Chu
David Chu

/s/ Augustine Hong
Augustine Hong

/s/ Helen Hong
Helen Hong

/s/ Michael Hong
Michael Hong

/s/ Justin Lee
Justin Lee

/s/ Steven Park
Steven Park

/s/ Kingsoon Ong
Kingsoon Ong

SELLER REPRESENTATIVE:

/s/ David Chu
David Chu, as Seller Representative

Annex A
Pro Rata Percentages

Annex B
Non-Accredited Investors

Exhibit A
Example Calculation of Closing Working Capital

Exhibit B
Agreements for Acquisition of Assets of Digital Orchard, LLC and Trinity Releasing, LLC

Exhibit C
Form of Employment Agreement

Exhibit D
Form of Employment Offer Letter

Exhibit E
Form of Consulting Agreement

Exhibit F
Tax Liens

Exhibit G
UCC Financing Statements

Exhibit E
Form of Consulting Agreement

FIRST AMENDMENT

TO

EQUITY PURCHASE AGREEMENT

This First Amendment to Equity Purchase Agreement (this "Amendment") is made as of February 15, 2022, by and among Cinedigm Corp., a Delaware corporation ("Buyer"), each member of the Company (each a "Seller" and together, "Sellers") and David Chu, solely in the capacity as representative of Sellers (the "Seller Representative" and together with Buyer and Sellers, the "Parties").

A. The Parties previously entered into that certain Equity Purchase Agreement, dated as of January 4, 2022 (the "Purchase Agreement"); and

B. The Parties desire to amend the Purchase Agreement pursuant to Section 10.5 thereof, as set forth herein.

Amendment. Section 6.2(a)(v) of the Purchase Agreement is hereby deleted and replaced in its entirety with the following:

(v) the matters described in Section 4.10 of the Disclosure Schedules and the State Tax Liens.

Amendment. Section 6.7(c) of the Purchase Agreement is hereby deleted and replaced in its entirety with the following:

(c) The aggregate amount of all Losses for which the Controlling Members shall be liable pursuant to Section 6.2(a)(i) shall not exceed $800,000. The aggregate amount of all Losses for which Buyer shall be liable pursuant to Section 6.3(a)(i) shall not exceed $800,000. The limitations set forth in this Section 6.7(c) shall not apply to Losses based upon, arising out of, or by reason of Section 6.2(a)(ii)-(v), Section 6.3(a)(ii), any inaccuracy in or breach of any Fundamental Representation or Fraud, which shall not exceed the Purchase Price.

Amendment. Section 8.1(h) of the Purchase Agreement is hereby deleted and replaced in its entirety with the following:

(h) Target shall have repaid or otherwise secured release of those certain tax liens identified on Exhibit F attached hereto (the "State Tax Liens"), and the documentation of such repayment or release shall be reasonably satisfactory to Buyer.

Amendment. Section 9.1(b) of the Purchase Agreement is hereby amended by deleting "February 21" and replacing it with "March 14."

Effect of Amendment. This Amendment shall not constitute a waiver, amendment or modification of any other provision of the Purchase Agreement not expressly contemplated hereby. Except as specifically modified and amended hereby, the Purchase Agreement shall remain unchanged and in full force and effect. From and after the date hereof, each reference in the Purchase Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of similar meaning shall mean and be a reference to the Purchase Agreement as amended by this Amendment.

Governing Law. This Amendment, all relationships among the Parties hereunder and all disputes and proceedings (in contract, tort or otherwise) arising out of or relating to any of the foregoing shall be governed by, and construed in accordance with, and enforced in accordance with, the Laws of the State of New York, without giving effect to any choice or conflict of law provision (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

Counterparts; Electronic Signatures. This Amendment may be executed in multiple counterparts, all of which taken together will be deemed one original. A counterpart of this Amendment delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Amendment.

Defined Terms. Capitalized terms used in this Amendment and not otherwise defined shall have the meaning ascribed to such terms in the Purchase Agreement.

[Signatures Appear on the Following Page]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

BUYER:

CINEDIGM CORP.

By: /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: Chief Operating Officer,
General Counsel and Secretary

SELLERS:

/s/ David Chu
David Chu

/s/ Augustine Hong
Augustine Hong

/s/ Helen Hong
Helen Hong

/s/ Michael Hong
Michael Hong

/s/ Justin Lee
Justin Lee

/s/ Steven Park
Steven Park

/s/ Kingsoon Ong
Kingsoon Ong

SELLER REPRESENTATIVE:

/s/ David Chu
David Chu, as Seller Representative

SECOND AMENDMENT

TO

EQUITY PURCHASE AGREEMENT

This Second Amendment to Equity Purchase Agreement (this "Amendment") is made as of March 14, 2022, by and among Cinedigm Corp., a Delaware corporation ("Buyer"), each member of the Company (each a "Seller" and together, "Sellers") and David Chu, solely in the capacity as representative of Sellers (the "Seller Representative" and together with Buyer and Sellers, the "Parties").

A. The Parties previously entered into that certain Equity Purchase Agreement, dated as of January 4, 2022, as amended (the "Purchase Agreement"); and

B. The Parties desire to amend the Purchase Agreement pursuant to Section 10.5 thereof, as set forth herein.

Amendment. Section 9.1(b) of the Purchase Agreement is hereby amended by deleting "March 14" and replacing it with "March 28."

Effect of Amendment. This Amendment shall not constitute a waiver, amendment or modification of any other provision of the Purchase Agreement not expressly contemplated hereby. Except as specifically modified and amended hereby, the Purchase Agreement shall remain unchanged and in full force and effect. From and after the date hereof, each reference in the Purchase Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of similar meaning shall mean and be a reference to the Purchase Agreement as amended by this Amendment.

Governing Law. This Amendment, all relationships among the Parties hereunder and all disputes and proceedings (in contract, tort or otherwise) arising out of or relating to any of the foregoing shall be governed by, and construed in accordance with, and enforced in accordance with, the Laws of the State of New York, without giving effect to any choice or conflict of law provision (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

Counterparts; Electronic Signatures. This Amendment may be executed in multiple counterparts, all of which taken together will be deemed one original. A counterpart of this Amendment delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Amendment.

Defined Terms. Capitalized terms used in this Amendment and not otherwise defined shall have the meaning ascribed to such terms in the Purchase Agreement.

[Signatures Appear on the Following Page]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

BUYER:

CINEDIGM CORP.

By: /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: Chief Operating Officer,
General Counsel and Secretary

SELLERS:

/s/ David Chu
David Chu

/s/ Augustine Hong
Augustine Hong

/s/ Helen Hong
Helen Hong

/s/ Michael Hong
Michael Hong

/s/ Justin Lee
Justin Lee

/s/ Steven Park
Steven Park

/s/ Kingsoon Ong
Kingsoon Ong

SELLER REPRESENTATIVE:

/s/ David Chu
David Chu, as Seller Representative

AMENDED AND RESTATED EQUITY PURCHASE AGREEMENT

This Amended and Restated Equity Purchase Agreement (this "Agreement") is made as of March 25, 2022 (the "Effective Date"), by and among Cinedigm Corp., a Delaware corporation ("Buyer"), the members of the Company (as defined here) set forth on the signature page hereto (each a "Seller" and together, "Sellers") and David Chu, solely in the capacity as representative of Sellers as set forth herein (the "Seller Representative" and together with Buyer and Sellers, the "Parties").

WHEREAS, Sellers own all of the membership interests (the "Equity") of Asian Media Rights, LLC, a New York limited liability company, d/b/a Digital Media Rights ("Target" or the "Company");

WHEREAS, Buyer desires to purchase from Sellers, and Sellers desire to sell and assign to Buyer, the Equity in return for cash and Common Stock (as defined herein) as set forth herein;

WHEREAS, Buyer and Sellers entered into that certain Equity Purchase Agreement dated as of January 4, 2022, as amended by that certain First Amendment dated as of February 15, 2022, and that certain Second Amendment dated as of March 14, 2022 (the "Original Agreement"); and

WHEREAS, Buyer and Sellers desire to amend and restate the Original Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, representations, warranties and agreements contained herein, the Parties agree as follows:

Section 1. Definitions.

"Affiliate" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act.

"Affiliated Group" means any affiliated group within the meaning of Code Section 1504(a) or any similar group defined under a similar provision of state, local, or non-U.S. law.

"Agreement" has the meaning set forth in the preface above.

"Basis" means any past or present fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction that forms or could form the basis for any specified consequence.

"Broker" means any agent, broker, investment banker, financial advisor or other person.

"Broker's Fee" means any financial advisory, broker's, finder's or similar fee or commission or reimbursement of expenses to a Broker.

"Business" means the media and entertainment business that consists of direct-to-consumer streaming television networks and social media channels, global content aggregation and distribution or digital video advertising networks.

"Business Day" means any day except Saturday, Sunday or any other day on which commercial banks located in New York, New York are authorized or required by Law to be closed for business.

"Buyer" has the meaning set forth in the preface above.

"Buyer Indemnified Parties" has the meaning set forth in Section 6.3.

"Closing" has the meaning set forth in Section 2.5 below.

"Closing Certificate" means a certificate delivered by the Seller Representative stating (a) (i) the identity of any Person to whom payment of Transaction Expenses or repayment of any outstanding unpaid Indebtedness of the Company existing as of the Closing Date shall be made, (ii) the amounts payable to such Person, and (iii) wire transfer information for such Person and (b) (i) the name and address of each Seller, (ii) the Purchase Price payable to such Seller, and (iii) wire transfer information for such Seller.

"Closing Date" has the meaning set forth in Section 2.5 below.

"Closing Purchase Price" has the meaning set forth in Section 2.2.

"Closing Working Capital" means (a) the Current Assets of the Company, less (b) the Current Liabilities of the Company, determined as of the close of business on the Closing Date.

"COBRA" means the requirements of Part 6 of Subtitle B of Title I of ERISA and Code Section 4980B and of any similar state law.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock" means Class A Common Stock, par value $0.001 per share, of Buyer.

"Company" has the meaning set forth in the preface above.

"Company Real Properties" has the meaning set forth in Section 4.12.

"Confidential Information" means any information concerning the businesses and affairs of the Target that is not already available to the public.

"Controlling Members" has the meaning set forth in Section 6.2.

"Current Assets" means cash and cash equivalents, accounts receivable, inventory and prepaid expenses, but excluding (a) the portion of any prepaid expense of which Buyer will not receive the benefit following the Closing; (b) deferred Tax assets; and (c) receivables from any of the Company's Affiliates, members, managers, employees, or officers and any of their respective Affiliates, determined in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Financial Statements for the most recent fiscal year end as if such accounts were being prepared and audited as of a fiscal year end.

"Current Liabilities" means accounts payable, accrued Taxes and accrued expenses, but excluding payables to any of the Company's Affiliates, members, managers, employees, or officers and any of their respective Affiliates, deferred Tax liabilities and the current portion of long term debt, determined in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Financial Statements for the most recent fiscal year end as if such accounts were being prepared and audited as of a fiscal year end.

"Disclosure Schedules" has the meaning set forth in Section 4.

"Employee Benefit Plan" means any "employee benefit plan" (as such term is defined in ERISA Section 3(3)) and any other material employee benefit plan, program or arrangement of any kind in each case, that Target maintains, to which Target contributes or has any obligation to contribute on behalf of any current or former employee, officer or director, or with respect to which Target has any Liability.

"Employee Pension Benefit Plan" has the meaning set forth in ERISA Section 3(2).

"Employee Welfare Benefit Plan" has the meaning set forth in ERISA Section 3(1).

"Environmental Laws" means, whenever in effect, all federal, state, local, and non-U.S. statutes, regulations, ordinances, and other provisions having the force or effect of law, all judicial and administrative orders and determinations, and all common law concerning pollution or protection of the environment, including, without limitation, all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, exposure to, or cleanup of any hazardous materials, substances, wastes, chemical substances, mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, polychlorinated biphenyls, noise, odor, mold, or radiation.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means each entity that is treated as a single employer with Target for purposes of Code Section 414(b), (c), (m) or (o).

"Fiduciary" has the meaning set forth in ERISA Section 3(21).

"Filed Reports" has the meaning set forth in Section 3.1.

"Financial Statements" has the meaning set forth in Section 4.7 below.

"Fraud" means actual (and not constructive) fraud, consisting of an intentionally and knowingly false misrepresentation of material and existing fact by one Party to another Party in the making of the representations and warranties in Section 3 or 4, as applicable, made with the specific intent to deceive the complaining Party, upon which the complaining Party actually and justifiably relied to its detriment.

"GAAP" means United States generally accepted accounting principles as in effect from time to time, consistently applied.

"Governmental Authority" means any court, arbitrator, administrative or other governmental department, agency, commission, authority or instrumentality, domestic or foreign.

"Indebtedness" means, with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all guarantees by such Person of Indebtedness of others, (h) all capital lease obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Party" has the meaning set forth in Section 6.4.

"Indemnifying Party" has the meaning set forth in Section 6.4.

"Intellectual Property" means all of the following in any jurisdiction throughout the world: (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, divisions, continuations-in-part, revisions, extensions, and reexaminations thereof, (b) all trademarks, service marks, trade dress, logos, slogans, trade names, corporate names, Internet domain names, other source identifiers, and rights in telephone numbers, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (c) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, (d) all mask works and all applications, registrations, and renewals in connection therewith, (e) all trade secrets and confidential, technical, and business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (f) all computer software (including in both source code and object code form, executable code, data, databases, and related documentation), (g) all advertising and promotional materials, (h) all other proprietary rights, and (i) all copies and tangible embodiments thereof (in whatever form or medium).

"Key Persons" means David Chu, Michael Hong and Tommy Lee.

"Law" means any applicable federal, state, local or foreign law, statute, ordinance, rule regulation, judgment, order, injunction, decree or agency requirement of any Governmental Authority.

"Lease" has the meaning set forth in Section 4.12.

"Legal Proceeding" means any private or governmental action, suit, complaint, arbitration, mediation, legal or administrative proceeding or investigation pending or threatened, whether prior to or post-Closing and whether or not a contingent liability, arising or accruing from actions or activities prior to the Closing Date.

"Liability" means any liability or obligation of whatever kind or nature (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

"Lien" means any security interest, mortgage, pledge, hypothecation, charge, claim, option, right to acquire, adverse interest, encumbrance, restriction, lien (statutory or other), or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any financing lease involving substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable Law of any jurisdiction).

"Limited Survival Representations" has the meaning set forth in Section 6.1.

"Losses" means any and all deficiencies, judgments, settlements, losses, damages, interest, fines, penalties, Taxes, costs and expenses (including reasonable legal, accounting and other costs and expenses of professionals) incurred in connection with investigating, defending, settling or satisfying any and all demands, claims, actions, causes of action, inquiries, suits, proceedings, assessments, audits, investigations, judgments or appeals, and in seeking indemnification, compensation or reimbursement therefor. In no event shall any Loss include punitive, special, incidental, consequential or indirect damages, except: (a) to the extent actually paid or payable to a third party; (b) Taxes; and (c) breaches of the covenants set forth in Section 5.3 (Confidentiality) and Section 5.4 (Covenant Not to Compete).

"Material Adverse Effect" means, with respect to any Person, any event, occurrence, fact, condition, or change that is, or would reasonably be expected to become, individually or in the aggregate, materially adverse to: (a) the business, results of operations, condition (financial or otherwise), or assets of such Person and its subsidiaries, taken as a whole; or (b) the ability of such Person to consummate the Transactions on a timely basis; provided, however, that a Material Adverse Effect shall not be deemed to include events, occurrences, facts, conditions or changes arising out of, relating to or resulting from: (i) changes in the national or world economy or financial markets as a whole or changes in general economic conditions that affect the industries in which the Person conducts its business, so long as such changes or conditions do not adversely affect the Person in a materially disproportionate manner relative to other similarly situated participants in the industries or markets in which it operates; (ii) any change in applicable Law or GAAP or interpretation thereof after the date hereof, so long as such changes do not adversely affect the Person in a materially disproportionate manner relative to other similarly situated participants in the industries or markets in which it operates; (iii) the announcement, pendency or completion of the transactions contemplated by this Agreement, including losses or threatened losses of employees, customers, suppliers, distributors or others having relationships with a Person; (iv) any action permitted or required by the terms of this Agreement or any action taken (or omitted to be taken) at the request of, or with the consent of, Buyer; (v) any natural disaster or acts of God; or (vi) any epidemics, pandemics, disease outbreaks, or other public health emergencies (including the COVID-19 global pandemic) or any action taken by any Governmental Authority in response thereto.

"Most Recent Balance Sheet" means the balance sheet contained within the Most Recent Financial Statements.

"Most Recent Financial Statements" has the meaning set forth in Section 4.7 below.

"Most Recent Fiscal Month End" has the meaning set forth in Section 4.7 below.

"Most Recent Fiscal Year End" has the meaning set forth in Section 4.7 below.

"Multiemployer Plan" has the meaning set forth in ERISA Section 3(37).

"Net Working Capital Methodology" means the principles and methodologies for calculating the Closing Working Capital and Final Net Working Capital of the Company, an example of which is attached as Exhibit A.

"Order" means any judgment, writ, decree, directive, decision, injunction, ruling, award or order (including any consent decree or cease and desist order) of any kind of any Governmental Authority.

"Ordinary Course of Business" means, with respect to an action taken by any Person, an action that is consistent in nature, scope and magnitude with the past practices of such Person.

"Outstanding Payables" means the trade and other accounts payable listed on the attached Exhibit G.

"Party" or "Parties" has the meaning set forth in the preface above.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, any other business entity, or a governmental entity (or any department, agency, or political subdivision thereof).

"Post-Closing Purchase Price" has the meaning set forth in Section 2.2.

"Prohibited Transaction" has the meaning set forth in ERISA Section 406 and Code Section 4975.

"Pre-Closing Tax Period" has the meaning set forth in Section 7.1.

"Pro Rata Percentages" means the amount for each Seller set forth opposite such Seller's name on Annex A, which amount may consist of (a) a combination of cash and Common Stock or (b) solely cash.

"Purchase Price" has the meaning set forth in Section 2.2 below.

"Rule 144" means Rule 144 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"SEC" means the Securities and Exchange Commission.

"SEC Reports" has the meaning set forth in Section 3.2(k).

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Sellers" has the meaning set forth in the preface above.

"Seller Indemnified Party" has the meaning set forth in Section 6.2.

"Straddle Period" has the meaning set forth in Section 7.2.

"Subsidiary" or "Subsidiaries" means, with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity's gains or losses or shall be or control any managing director or general partner of such business entity (other than a corporation). The term "Subsidiary" shall include all Subsidiaries of such Subsidiary.

"Target" has the meaning set forth in the preface above.

"Target Working Capital" means $1,498,167.93.

"Tax" or "Taxes" means any federal, state, local, or non-U.S. income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever (including any penalty for the failure to properly file any information return), including any interest, penalty, or addition thereto, whether disputed or not and including any obligations to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Third-Party Claim" has the meaning set forth in Section 6.4.

"Transactions" means the transactions contemplated by this Agreement.

"Transaction Documents" means: (a) this Agreement; and (b) all other agreements, documents and instruments to be delivered in connection with the Transactions.

"Transaction Expenses" means all fees, expenses, costs, commissions, transaction bonuses or disbursements payable by Company or Sellers incurred in connection with the process of selling the Company or otherwise relating to the negotiation, preparation, or execution of this Agreement and the transactions contemplated hereby, including (a) all fees, expenses, costs, commissions or disbursements of any investment banker, advisor, attorney, accountant or other professional; (b) all fees and expenses associated with obtaining necessary or appropriate consents; and (c) all fees and expenses associated with obtaining the release and termination of any Liens.

"WARN Act" has the meaning set forth in Section 4.8 below.

1.1 Terms Generally. The definitions set forth or referenced in Section 1.1 and elsewhere in this Agreement, shall apply equally to both the singular and plural forms of the terms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". To the "Knowledge" of a Person means: (a) with respect to Sellers, "to the Knowledge of Sellers" means the actual knowledge of the Key Persons after reasonable inquiry; and (b) with respect to Buyer, "to the Knowledge of Buyer" means the actual knowledge of Gary Loffredo after reasonable inquiry of such Person's direct reports.

Section 2. Purchase and Sale of Target Equity.

2.1 Basic Transaction. On and subject to the terms and conditions of this Agreement, Buyer agrees to purchase from Sellers, and Sellers agree to sell to Buyer, the Equity for the consideration specified below in this Section 2.

2.2 Purchase Price.

(a) The purchase price for the Equity shall be an aggregate of $16,400,000 (Sixteen Million Four Hundred Thousand Dollars) which will be paid as follows: (A) $8,000,000 (Eight Million Dollars) shall be paid in cash at the Closing (the "Closing Purchase Price") and (B) $8,400,000 (Eight Million Four Hundred Thousand Dollars) (the "Post-Closing Purchase Price" and together with the Closing Purchase Price, the "Purchase Price") shall be paid, at Buyer's option, in cash or Common Stock as follows: (i) $3,000,000 (Three Million Dollars) on the first anniversary of the Closing Date; (ii) $3,000,000 (Three Million Dollars) on the second anniversary of the Closing Date; and (iii) $2,400,000 (Two Million Four Hundred Thousand Dollars) on the third anniversary of the Closing Date. Any Post-Closing Purchase Price paid in Common Stock shall be valued at the volume weighted average price per share of the Common Stock on the Nasdaq Global Market (or any other market or exchange on which the Common Stock is then listed or quoted for trading) for the twenty (20) day trading period ending on the last trading day immediately preceding the applicable anniversary of the Closing Date and, if necessary, rounded up to the next full share; provided, however, that unless Buyer has obtained approval of its stockholders in accordance with Nasdaq Listing Rule 5635(a), in no event will the number of shares of Common Stock issuable pursuant to this Agreement exceed nineteen and 9/10 percent (19.9%) of the number of shares of Common Stock outstanding immediately prior to the execution of this Agreement; provided, further, that if Buyer is no longer trading on Nasdaq Global Market (or any other market or exchange on which the Common Stock could be listed or quoted for trading) the Post-Closing Purchase Price shall be paid entirely in cash. At the time of the issuance of any Post-Closing Purchase Price paid in Common Stock, Buyer shall direct its transfer agent to issue such Post-Closing Purchase Price paid in Common Stock to each Seller who is entitled to receive Common Stock in accordance with allocations provided to Buyer by Sellers at least three (3) Business Days in advance of the applicable anniversary of the Closing Date.

(b) On the Closing Date, Buyer shall deliver, or cause to be delivered, the Closing Purchase Price to Sellers pursuant to the delivery instructions set forth in Section 2.2 of the Disclosure Schedules.

2.3 Seller Representative Reserve.

(a) Notwithstanding anything to the contrary in this Section 2, at the Closing, Buyer shall deposit in an account designated by the Seller Representative, $300,000 (the "Seller Representative Reserve"), which amount shall be deemed to reduce the Closing Purchase Price otherwise payable at Closing under this Section 2 and which shall be held by the Seller Representative for the benefit of Sellers in accordance with this Section 2. The Parties agree to treat the Seller Representative Reserve as owned by Sellers in accordance with their Pro Rata Percentages and to file all Tax Returns on a basis consistent with such treatment.

(b) The Seller Representative Reserve may be applied as the Seller Representative, in his sole discretion after consultation with Michael Hong, determines appropriate to defray, offset or pay any charges, fees, costs, liabilities or expenses of the Seller Representative incurred in connection with the Transactions and the Transaction Documents. Sellers will not receive any interest or earnings on the Seller Representative Reserve and irrevocably transfer and assign to the Seller Representative any ownership right that they may otherwise have had in any such interest or earnings. The Seller Representative will not be liable for any loss of principal of the Seller Representative Reserve other than as a result of his gross negligence or willful misconduct.

(c) The balance of the Seller Representative Reserve held pursuant to this Section 2.3, if any, shall be distributed to Sellers by the Seller Representative. Each Seller shall be deemed to have contributed an amount to the Seller Representative Reserve equal to such Seller's respective Pro Rata Percentage of the Seller Representative Reserve. Notwithstanding the foregoing, the Seller Representative Reserve shall only be so distributed when the Seller Representative determines, in his sole discretion after consultation with Michael Hong, that such distribution is appropriate. Sellers agree that the Seller Representative is not acting as a withholding agent or in any similar capacity in connection with the Seller Representative Reserve and that the Seller Representative shall have no responsibility for tax reporting with respect to the ultimate distribution of any balance of the Seller Representative Reserve. None of Buyer or the Company or their respective Affiliates shall have any liability or responsibility to Sellers with respect to the Seller Representative Reserve or the actions and responsibilities of the Seller Representative contemplated by this Section 2.3, and Sellers shall seek distribution of the Seller Representative Reserve solely from the Seller Representative.

2.4 Closing Purchase Price Adjustment.

(a) Closing Adjustment.

(i) At the Closing, the Closing Purchase Price shall be adjusted as follows either by (A) an increase by the amount, if any, by which the Estimated Closing Working Capital (as determined in accordance with Section 2.4(a)(ii)) is greater than the Target Working Capital, or (B) a decrease by the amount, if any, by which the Estimated Closing Working Capital is less than the Target Working Capital. The net amount after giving effect to the adjustments listed in this Section 2.4(a) shall be the "Closing Purchase Price".

(ii) At least three Business Days before the Closing, the Seller Representative shall prepare and deliver to Buyer a statement setting forth Sellers' good faith estimate of Closing Working Capital (the "Estimated Closing Working Capital"), which statement shall contain an estimated balance sheet of the Company as of the Closing Date (without giving effect to the transactions contemplated herein), a calculation of Estimated Closing Working Capital (the "Estimated Closing Working Capital Statement"), and a certificate of the Chief Financial Officer of the Company that the Estimated Closing Working Capital Statement was prepared in good faith and consistent with the Company's past practices and the Net Working Capital Methodology. During such three-day period, Buyer shall review the Estimated Closing Working Capital Statement and related work papers and ask questions of the Seller Representative and the Company's accountant during normal business hours regarding the same until the Parties mutually agree on the Estimated Closing Working Capital Statement. An example of the calculation of Closing Working Capital in accordance with the Net Working Capital Methodology is appended hereto as Exhibit A.

(b) Post-Closing Adjustment.

(i) As soon as practicable following the Closing Date (but not later than sixty (60) days after the Closing Date), Buyer shall prepare and deliver to the Seller Representative a statement setting forth its calculation of Closing Working Capital, which statement shall contain a balance sheet of the Company as of the Closing Date (without giving effect to the transactions contemplated herein), a calculation of Closing Working Capital (the "Closing Working Capital Statement") and a certificate of the Chief Financial Officer of Buyer that the Closing Working Capital Statement was prepared in good faith in a manner consistent with the Estimated Closing Working Capital Statement and in accordance with the Net Working Capital Methodology. If Buyer fails to deliver the Closing Working Capital Statement within the sixty-day period, the Closing Working Capital set forth in the Estimated Closing Working Capital Statement shall be deemed final and binding on the Parties hereto.

(ii) The post-closing adjustment shall be an amount equal to the Closing Working Capital minus the Estimated Closing Working Capital (the "Post-Closing Adjustment").

(c) Examination and Review.

(i) Examination. After receipt of the Closing Working Capital Statement, the Seller Representative shall have thirty (30) days (the "Review Period") to review the Closing Working Capital Statement. During the Review Period, the Seller Representative, Sellers and Sellers' accountants shall have full access to the books and records of the Company, the personnel of, and work papers prepared by, Buyer and/or Buyer's accountants to the extent that they relate to the Closing Working Capital Statement and to such historical financial information (to the extent in Buyer's or the Company's possession) relating to the Closing Working Capital Statement as the Seller Representative may reasonably request for the purpose of reviewing the Closing Working Capital Statement and to prepare a Statement of Objections, provided, that such access shall be in a manner that does not materially interfere with the normal business operations of Buyer or the Company.

(ii) Objection. On or prior to the last day of the Review Period, the Seller Representative may object to the Closing Working Capital Statement by delivering to Buyer a written statement setting forth Sellers' objections in reasonable detail, indicating each disputed item or amount and the basis for Sellers' disagreement therewith (the "Statement of Objections"). If the Seller Representative fails to deliver the Statement of Objections before the expiration of the Review Period, the Closing Working Capital Statement and the Post-Closing Adjustment, as the case may be, reflected in the Closing Working Capital Statement shall be deemed to have been accepted by Sellers. If the Seller Representative delivers the Statement of Objections before the expiration of the Review Period, Buyer and the Seller Representative shall negotiate in good faith to resolve such objections within thirty (30) days after the delivery of the Statement of Objections (the "Resolution Period"), and, if the same are so resolved within the Resolution Period, the Post-Closing Adjustment and the Closing Working Capital Statement with such changes as may have been previously agreed in writing by Buyer and the Seller Representative, shall be conclusive and binding upon the Parties hereto.

(iii) Resolution of Disputes. If the Seller Representative and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then Buyer and the Seller Representative shall appoint by mutual agreement BDO USA, LLP (so long as BDO USA, LLP has no professional relationship with any of the Parties or their respective Affiliates), or if that firm is unwilling or unable to serve, Buyer and the Seller Representative will appoint another mutually acceptable independent accounting firm of recognized standing (which firm is not the regular auditing firm of any of the Parties or their Affiliates) (the appointed firm, the "Independent Accountant") who, acting as experts and not arbitrators, shall resolve any amounts remaining in dispute ("Disputed Amounts") only and make any adjustments to the Post-Closing Adjustment, as the case may be, and the Closing Working Capital Statement in accordance with the Net Working Capital Methodology. The Parties hereto agree that all adjustments shall be made without regard to materiality. The Independent Accountant shall only decide the specific items under dispute by the Parties and its decision for each Disputed Amount must be within the range of values assigned to each such item in the Closing Working Capital Statement and the Statement of Objections, respectively. The Parties hereto agree that neither Buyer nor the Seller Representative shall communicate with the Independent Accountant without the knowledge of such other Party.

(iv) Fees of the Independent Accountant. The fees and expenses of the Independent Accountant shall be paid by Sellers from the Seller Representative Reserve to the extent of its balance, and thereafter shall be paid by Sellers based on their respective Pro Rata Percentages, on the one hand, and by Buyer, on the other hand, based upon the percentage that the amount actually contested but not awarded to Sellers or Buyer, respectively, bears to the aggregate amount actually contested by Sellers and Buyer.

(v) Determination by Independent Accountant. The Independent Accountant shall make a determination as soon as practicable within thirty (30) days (or such other time as the parties hereto shall agree in writing) after its engagement, and its resolution of the Disputed Amounts and its adjustments to the Closing Working Capital Statement and/or the Post-Closing Adjustment shall be conclusive and binding upon the Parties hereto.

(d) Payments of Post-Closing Adjustment. If the Closing Working Capital as reflected on the Closing Working Capital Statement (as is deemed final and conclusive in accordance with this Section 2.4, the "Final Net Working Capital") exceeds the Closing Working Capital reflected on the Estimated Closing Working Capital Statement, then Buyer (or, at Buyer's direction, the Company) shall pay promptly (and, in any event, within five (5) Business Days after the Final Net Working Capital has been established) to Sellers an amount in cash that is equal to such excess in accordance with each Seller's Pro Rata Percentages and the payment instructions provided in the Closing Certificate. If the Closing Working Capital reflected on the Estimated Closing Working Capital Statement exceeds the Final Net Working Capital, then the Seller Representative shall pay promptly from the Seller Representative Reserve (and, in any event, within the five (5) Business Day period described above) to Buyer an amount in cash that is equal to such excess; provided that to the extent the Seller Representative Reserve does not include adequate funds to pay Buyer as set forth in this Section 2.4(d), any such shortfall amount shall be paid by Sellers based on their respective Pro Rata Percentages; provided further that the Controlling Members shall be liable to Buyer for any such amount that is not timely paid. Any payments shall be paid by wire transfer of immediately available funds to such account as is directed by Buyer or the Seller Representative, as the case may be.

(e) Adjustments for Tax Purposes. Any payments made pursuant to Section 2.4 shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

2.5 Closing. The closing of the Transactions (the "Closing") shall take place at 10:00 a.m. at the offices of Buyer as soon as practicable and, in any event, within five (5) Business Days following the satisfaction or waiver of all of the conditions precedent set forth herein and at such other time or place as is mutually agreed by the Parties in writing (the "Closing Date").

2.6 Withholding. Buyer shall be entitled to deduct and withhold from the Purchase Price all Taxes Buyer, as applicable, may be required to deduct and withhold under any provision of federal, state, local, or foreign Tax Law. All such withheld amounts shall be treated as delivered to Sellers hereunder. Sellers shall deliver (or cause to be delivered) to Buyer prior to Closing a certificate (or certificates), including without limitation and if applicable a Form W-9, in form satisfactory to Buyer and in compliance with applicable Treasury Regulations certifying that the Transactions are exempt from withholding under the Code.

2.7 Deliveries at Closing.

(a) At the Closing, Sellers will deliver to Buyer the following:

(i) Duly executed assignment documents assigning and transferring the ownership of record of the Equity in accordance with applicable Law.

(ii) The certificate required by Section 8.1(c).

(iii) Copies of the Third-Party Consents.

(iv) A certificate pursuant to Treasury Regulations Section 1.1445-2(b) duly executed by each Seller that he or she is not a foreign person within the meaning of Section 1445 of the Code.

(v) The agreements pursuant to which Target will acquire certain assets of Digital Orchard, LLC and Trinity Releasing, LLC, in the forms attached as Exhibit B.

(vi) Payoff letters for the Indebtedness of Target.

(vii) Executed employment agreement between the Company and David Chu in the form attached as Exhibit C.

(viii) Executed employment offer letter between the Company and Tommy Lee in the form attached as Exhibit D.

(ix) Executed consulting agreement between the Company and Michael Hong in the form attached as Exhibit E.

(x) All other agreements, documents, instruments or certificates required to be delivered by Sellers at or prior to the Closing pursuant to this Agreement.

(b) At the Closing, Buyer will deliver or cause to be delivered to Sellers, the Seller Representative or their designees, as the case may be, the following:

(i) To each Seller, wire transfers of his or her share of the Closing Purchase Price to which each Seller is entitled hereunder in accordance with payment instructions provided in the Closing Certificate.

(ii) To the Seller Representative, the Seller Representative Reserve in accordance with Section 2.3.

(iii) To the Persons to whom payment of Transaction Expenses or repayment of any outstanding unpaid Indebtedness of the Company existing as of the Closing Date shall be made, such cash amounts in accordance with payment instructions in the Closing Certificate.

(iv) All other agreements, documents, instruments or certificates required to be delivered by Buyer at or prior to the Closing pursuant to this Agreement.

2.8 No Fractional Shares. No fraction of a share of Common Stock will be issued by virtue of the Transactions.

Section 3. Representations and Warranties Concerning Transaction.

3.1 Sellers' Representations and Warranties. Each Seller, severally and not jointly, represents and warrants to Buyer with respect to himself or herself only, that the statements contained in this Section 3.1 are correct and complete as of the date of this Agreement and the Closing Date.

(a) Authorization of Transaction. Such Seller has the requisite legal capacity to execute and deliver this Agreement and to perform his or her obligations hereunder. This Agreement constitutes the valid and legally binding obligation of such Seller, enforceable in accordance with its terms and conditions. Such Seller need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order to consummate the Transactions.

(b) Non-Contravention. Neither the execution and delivery of this Agreement, nor the consummation of the Transactions, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which such Seller is subject, (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which such Seller is a party or by which he or she is bound or to which any of his or her assets are subject, or (iii) result in the imposition or creation of a Lien upon or with respect to such Seller's Equity.

(c) Brokers' Fees. No Broker is, will or might be entitled, by reason of any agreement, act or statement by such Seller to any Broker's Fee.

(d) Equity. Such Seller holds of record and owns beneficially the amount of the Equity set forth next to his or her name in Section 4.2 of the Disclosure Schedule, free and clear of any restrictions on transfer (other than any restrictions under the Securities Act, state securities laws and the Target's organizational documents), Taxes, Liens, options, warrants, purchase rights, contracts, commitments, equities, claims, and demands. Such Seller is not a party to any option, warrant, purchase right, or other contract or commitment (other than this Agreement and the Target's organizational documents) that could require such Seller to sell, transfer, or otherwise dispose of any capital stock of Target. Such Seller is not a party to any voting trust, proxy, or other agreement or understanding with respect to the voting of any capital stock of Target.

(e) Legal Proceedings. To such Seller's Knowledge, there is no: (a) Legal Proceeding pending or threatened against such Seller that seeks to restrain, enjoin or delay the consummation of this Agreement or the Transactions or that seeks damages in connection therewith; or (b) judgment, decree, injunction, rule, or order of any Governmental Authority applicable to such Seller that has had or is reasonably likely to have, either individually or in the aggregate, a Material Adverse Effect on such Seller or his or her ability to consummate the Transactions.

(f) Private Placement.

(i) Such Seller acknowledges that the shares of Common Stock that constitute the Post-Closing Purchase Price (collectively, the "Purchase Price Stock"), are "restricted securities" as defined in Regulation D of the Securities Act and have not been registered under the Securities Act or any applicable state securities law, and such Seller is acquiring the Purchase Price Stock for his or her own account and not with a view to or for distributing or reselling such Purchase Price Stock or any part thereof in violation of the Securities Act or any applicable state securities law, have no present intention of distributing any of such Purchase Price Stock in violation of the Securities Act or any applicable state securities law and has no arrangement or understanding with any other persons regarding the distribution of such Purchase Price Stock (without limiting its right to sell the Purchase Price Stock in compliance with applicable federal and state securities laws) in violation of the Securities Act or any applicable state securities law. Such Seller does not have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Purchase Price Stock.

(ii) As of the date of the Agreement and on each date on which such Seller receives any Purchase Price Stock, such Seller is or shall be, an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act, except as set forth on Annex B.

(iii) Such Seller, either alone or together with his or her representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective acquisition of the Purchase Price Stock, and has so evaluated the merits and risks of such acquisition. Such Seller is able to bear the economic risk of an investment in the Purchase Price Stock and, at the present time, is able to afford a complete loss of such investment.

(iv) Such Seller is not acquiring the Purchase Price Stock as a result of any advertisement, article, notice or other communication regarding the Purchase Price Stock published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(v) Such Seller acknowledges that he or she has reviewed the registration statements, prospectuses, reports, schedules, forms, statements, and other documents (including exhibits and all other information incorporated by reference) required to be filed or furnished by Buyer with or to the SEC since April 1, 2017 (collectively, "Filed Reports") and the Transaction Documents and have been afforded the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of Buyer concerning Buyer and the terms and conditions of the offering of the Purchase Price Stock and the merits and risks of acquiring the Purchase Price Stock. Neither such inquiries nor any other investigation conducted by such Seller or on his or her behalf by its representatives or counsel shall modify, amend or affect such Seller's right to rely on the truth, accuracy and completeness of the Filed Reports and the Transaction Documents.

3.2 Buyer's Representations and Warranties. Buyer represents and warrants to Sellers that the statements contained in this Section 3.2 are correct and complete as of the date of this Agreement and the Closing Date.

(a) Organization and Qualification. Buyer is a corporation duly formed, validly existing and in good standing under the Laws of the State of Delaware, has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted, and is duly qualified or licensed to do business in each jurisdiction in which the properties owned, leased or operated by it or the nature of its activities makes such qualification necessary, except where the failure to so register would not have a Material Adverse Effect on Buyer.

(b) Authorization and Validity of Agreement. Buyer has all requisite power and authority to enter into this Agreement and each other Transaction Document to which it is or will become a party and to perform its obligations hereunder and thereunder and to consummate the Transactions. The execution, delivery and performance by Buyer of this Agreement and each other Transaction Document to which it is or will become a party and the consummation of the Transactions have been duly and validly authorized by all necessary corporate action on the part of Buyer. This Agreement and each other Transaction Document to which Buyer is or will become a party has been, or when executed shall be, duly executed and delivered by Buyer. Assuming that this Agreement and each other Transaction Document to which Buyer is or will become a party is a valid and binding agreement of the other Parties thereto, this Agreement and each such Transaction Document constitutes, or when executed shall constitute, a valid and binding agreement of Buyer, enforceable against Buyer in accordance with its terms, except: (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other Laws of general application relating to or affecting the enforcement of creditors' rights generally; (b) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies; or (c) to the extent the indemnification provisions contained herein may be limited by applicable federal or state securities Laws.

(c) Brokers or Finders. No Broker is, will or might be entitled, by reason of any agreement, act or statement by Buyer or any of its officers, employees, consultants or agents, to any Broker's Fee.

(d) No Approvals or Notices Required; No Conflict with Instruments. The execution, delivery and performance by Buyer of this Agreement or the other Transaction Documents to which it is party will not contravene or violate: (i) any existing Law to which it is subject; (ii) any judgment, order, writ, injunction, decree or award of any court, arbitrator or Governmental Authority which is applicable to it; (iii) the organizational documents of Buyer; or (iv) any contract to which Buyer is a party or by which Buyer is otherwise bound, other than consents previously obtained. No authorization, approval or consent, and no registration or filing with, any Governmental Authority is required in connection with the execution, delivery and performance of this Agreement or the related agreements and documents and the Transactions by Buyer.

(e) Legal Proceedings. There is no: (i) Legal Proceeding pending or threatened against Buyer that seeks to restrain, enjoin or delay the consummation of this Agreement or the Transactions or that seeks damages in connection therewith; or (ii) judgment, decree, injunction, rule, or order of any Governmental Authority applicable to Buyer or its businesses that has had or is reasonably likely to have, either individually or in the aggregate, a Material Adverse Effect.

(f) Compliance with Laws. Without limiting the scope of any other representation in this Agreement, Buyer and each of its Subsidiaries is in compliance and has at all times within the past five years been in material compliance with all Laws, judgments or governmental authorizations applicable to it or to the conduct of its business or the ownership or use of any of its properties or assets, except as disclosed in the Filed Reports and for any such defaults or violations or instances of non-compliance that would not reasonably be expected to have a Material Adverse Effect on Buyer. Neither Buyer nor any of its Subsidiaries has received at any time within the past five years any written notice or other written communication, or to the Knowledge of Buyer, any other notice, from any Governmental Authority or any other Person regarding any actual, alleged or potential violation of, or failure to comply with, any applicable material Law, judgment or governmental authorization, any actual or threatened revocation, withdrawal, suspension, cancellation, termination or modification of any material governmental authorization, or any actual, alleged or potential obligation on the part of Buyer or any of its Subsidiaries to undertake, or to bear all or any portion of the cost of, any material remedial action of any nature, except as disclosed in the Filed Reports.

(g) Purchase Price Stock.

(i) Except as disclosed in the SEC Reports, (A) there are no equity interests of any class of Buyer authorized, issued, reserved for issuance or outstanding, (B) there are no options, warrants, equity interests, calls, rights or other contracts to which Buyer or any of its Subsidiaries is a party or by which Buyer or any of its Subsidiaries is bound obligating Buyer or any of its Subsidiaries to issue, exchange, transfer, deliver or sell, or cause to be issued, exchanged, transferred, delivered or sold, additional equity interests of Buyer or any of its Subsidiaries, or obligating Buyer or any of its Subsidiaries to grant, extend, accelerate the vesting of, change the price of, otherwise modify or amend or enter into any such option, warrant, equity interest, call, right, or contract, (C) there are no outstanding or authorized stock appreciation, phantom stock, profit participation or similar rights with respect to Buyer or any of its Subsidiaries, and (D) no holder of Indebtedness of Buyer or any of its Subsidiaries has any right to convert or exchange such Indebtedness for any equity interests of Buyer or any of its Subsidiaries. No holder of Indebtedness of Buyer or any of its Subsidiaries has any rights to vote for the election of directors of Buyer or any of its Subsidiaries or to vote on any other matter, except upon conversion thereof into equity interests of Buyer.

(ii) All of the issued and outstanding shares of Common Stock have been duly authorized and validly issued and are fully paid and non-assessable and not subject to or issued in violation of any purchase option, right of first refusal, preemptive right, subscription right or any similar right. All of the issued and outstanding shares of capital stock of Buyer, the issued and outstanding equity interests of each subsidiary of Buyer and Buyer's outstanding options have been issued in compliance in all material respects with all applicable Laws.

(iii) Any Purchase Price Stock delivered in accordance with this Agreement shall be duly authorized, validly issued, fully paid and non-assessable, and free and clear of any Liens.

(iv) Except as disclosed in the SEC Reports, there are no obligations, contingent or otherwise, of Buyer or any of its subsidiaries to repurchase, redeem or otherwise acquire any equity interests of Buyer or any of its subsidiaries. Except as disclosed in the SEC Reports, neither Buyer nor any of its subsidiaries are subject to any obligation or requirement to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any subsidiary or any other Person (other than intercompany obligations).

(h) Independent Investigation. Buyer has conducted its own independent investigation, review and analysis of the business, results of operations, prospects, condition (financial or otherwise) or assets of the Company, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records, and other documents and data of the Sellers and the Company for such purpose. Buyer acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the Transactions, Buyer has relied solely upon its own investigation and the express representations and warranties of the Sellers set forth in Sections 3.1 and 4 of this Agreement (including the related portions of the Disclosure Schedules); and (b) none of the Sellers, the Company or any other Person has made any representation or warranty as to the Sellers, the Company or this Agreement, except as expressly set forth in Section 3.1 and 4 of this Agreement (including the related portions of the Disclosure Schedules) or the representations and warranties contained in any certificate delivered by the Sellers or the Company hereunder.

(i) Adequacy of Funds. Buyer has, and will have prior to and at the Closing adequate financial resources to satisfy its monetary and other obligations under this Agreement including the obligation to pay the Purchase Price in accordance herewith.

(j) No Integrated Offering. Neither Buyer, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of Common Stock to be integrated with prior offerings by Buyer for purposes of: (x) the Securities Act which would require the registration of any such securities under the Securities Act, or (y) any applicable shareholder approval provisions of any trading market on which any of the securities of Buyer are listed or designated.

(k) SEC Documents; Financial Statements. Except as disclosed in the SEC Reports:

(i) Buyer has timely filed or furnished all registration statements, prospectuses, forms, reports, schedules, statements and other documents (including exhibits and other information incorporated therein) required to be filed or furnished by it with the SEC since January 1, 2020 (the "SEC Reports") other than Buyer's Annual Report on Form 10-K for the fiscal year ended March 31, 2021 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2021. The SEC Reports (after giving effect to all amendments thereto) were prepared in all material respects in accordance with the requirements of the Securities Act or the Securities Exchange Act, as the case may be, and all applicable rules and regulations thereunder. To the Knowledge of Buyer, none of the SEC Reports is the subject of ongoing SEC review and there are no inquiries or investigations by the SEC or any internal investigations pending or threatened, in each case regarding any accounting practices of Buyer or any of its Subsidiaries. The SEC Reports, at the time filed or, in the case of registration statements, at each date of effectiveness, complied in all material respects with the applicable requirements of the Securities Act, the Securities Exchange Act and the Sarbanes-Oxley Act of 2002, as it may be amended from time to time (the "Sarbanes-Oxley Act"), applicable to such SEC Report, and, at the time filed or, in the case of registration statements, at each date of effectiveness, did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. As of the date of this Agreement and the Closing Date, and except to the extent that information contained in any SEC Report has been revised, amended, supplemented or superseded by a later-filed SEC Report, none of the SEC Reports contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made or will be made, not misleading. No Subsidiary of Buyer is required to file any reports or other documents with the SEC.

(ii) The consolidated financial statements contained in the SEC Reports (including, in each case, any related notes thereto): (i) complied as to form in all material respects with the applicable accounting requirements and the published rules and regulations of the SEC applicable thereto; (ii) were prepared in accordance with GAAP, except as may be indicated in the notes to such consolidated financial statements and except that the unaudited interim consolidated financial statements contained in the SEC Reports do not contain footnotes as permitted by Form 10-Q of the Securities Exchange Act; and (iii) fairly present in all material respects the consolidated financial position of Buyer as of the respective dates thereof and the consolidated results of operations and cash flows of Buyer for the periods covered thereby, except that the unaudited interim consolidated financial statements contained in the SEC Reports were or are subject to normal year-end audit adjustments, the effect of which will not, individually or in the aggregate, be material. No financial statements of any Person other than Buyer and its Subsidiaries are required by GAAP to be included in the financial statements of Buyer.

(iii) Buyer maintains, and at all times since March 31, 2021 has maintained, a system of internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act) sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Buyer and its Subsidiaries; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and that receipts and expenditures are being made only in accordance with authorizations of management and directors of Buyer; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of Buyer and its Subsidiaries that would have a material effect on the financial statements. Buyer's management has completed an assessment of the effectiveness of Buyer's system of internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act for the fiscal year ended March 31, 2021, and such assessment concluded that such controls were effective and Buyer's independent registered accountant has issued (and not subsequently withdrawn or qualified) an attestation report concluding that Buyer maintained effective internal control over financial reporting as of March 31, 2021. Each of the principal executive officer (as defined under the Sarbanes-Oxley Act) of Buyer and the principal financial officer (as defined under the Sarbanes-Oxley Act) of Buyer (or each former principal executive officer of Buyer and each former principal financial officer of Buyer, as applicable) has made all certifications required by Rule 13a-14 or 15d-14 under the Securities Exchange Act and Sections 302 and 906 of the Sarbanes-Oxley Act with respect to the SEC Reports, and the statements contained in such certifications are true and correct. Since March 31, 2021, none of Buyer, the board of directors of Buyer and the audit committee of the board of directors of Buyer has identified or received notice of any: (i) significant deficiency or material weakness (each as defined Auditing Standard No. 5 of the Public Company Accounting Oversight Board, as in effect on the date of this Agreement) in the design or operation of internal control over financial reporting utilized by Buyer or any of its Subsidiaries; (ii) any illegal act or fraud, whether or not material, that involves Buyer's senior management and relates to accounting or auditing practices or procedures; or (iii) any claim or allegation regarding any of the foregoing. Neither Buyer nor any of its Subsidiaries have outstanding, or have arranged any outstanding, "extensions of credit" to directors or executive officers within the meaning of Section 402 of the Sarbanes-Oxley Act.

(iv) Buyer maintains disclosure controls and procedures (as defined in Rules 13a-15 or 15d-15 under the Securities Exchange Act) that are designed to ensure that all information required to be disclosed in Buyer's reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that all such information is accumulated and communicated to Buyer's management as appropriate to allow timely decisions regarding required disclosure and to enable each of the principal executive officer of Buyer and the principal financial officer of Buyer to make the certifications required under the Securities Exchange Act with respect to such reports. Buyer is in compliance in all material respects with all current listing and corporate governance requirements of the Nasdaq Global Market applicable to it.

(v) Neither Buyer nor any of its Subsidiaries is a party to or has any obligation or other commitment to become a party to any joint venture, securitization transaction, off-balance sheet partnership or any similar contract (including any contract relating to any transaction or relationship between or among Buyer or any of its Subsidiaries, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity, on the other hand, or any "off-balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K under the Securities Exchange Act)) where the result, purpose or intended effect of such contract is to avoid disclosure of any material transaction involving, or material liabilities of, Buyer or any of its Subsidiaries in Buyer's or any of its Subsidiaries' published financial statements, the SEC Reports or any other document furnished or filed with the SEC.

(l) Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included within the SEC Reports, except as specifically disclosed in a subsequent SEC Report filed prior to the date hereof: (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect to Buyer, (ii) Buyer has not incurred any material liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in Buyer's financial statements pursuant to GAAP or disclosed in filings made with the SEC, (iii) Buyer has not altered its method of accounting, (iv) Buyer has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock and (v) Buyer has not issued any equity securities to any officer, director or Affiliate other than in the Ordinary Course of Business. Buyer does not have pending before the SEC any request for confidential treatment of information. Except for the issuance of the Common Stock contemplated by this Agreement, no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to Buyer or its subsidiaries or their respective businesses, properties, operations, assets or financial condition, that would be required to be disclosed by Buyer under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least two (2) trading days prior to the date that this representation is made.

(m) Non-Public Information. Except with respect to the material terms and conditions of the transactions contemplated by this Agreement, Buyer covenants and agrees that neither it, nor any other Person acting on its behalf, will provide any Seller or its agents or counsel with any information that Buyer believes constitutes material non-public information, unless prior thereto such Seller shall have entered into a written agreement with Buyer regarding the confidentiality and use of such information; provided, however, that this Section 3.2(m) shall not apply to information provided to any Seller in such Seller's capacity as an employee of, or consultant to, Buyer or any of its Subsidiaries in the course of such Seller's employment or consultancy. Buyer understands and confirms that each Seller shall be relying on the foregoing covenant in effecting transactions in securities of Buyer.

Section 4. Representations and Warranties Concerning Target. Each Seller, severally and not jointly, represents and warrants to Buyer that the statements contained in this Section 4 are correct and complete as of the date of this Agreement and on the Closing Date, except as set forth in the disclosure schedules delivered by Sellers to Buyer on the date hereof and incorporated by this reference herein (the "Disclosure Schedules").

4.1 Organization, Qualification, and Organizational Power. Target is a limited liability company duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization. Target is duly authorized to conduct business and is in good standing (with respect to jurisdictions that recognize the concept of good standing) under the laws of each jurisdiction where such qualification is required, except where failure to be so qualified would not reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect. Target has full corporate power and authority and all licenses, permits, and authorizations necessary to carry on the businesses in which it is engaged and in which it presently proposes to engage and to own and use the properties owned and used by it. Section 4.1 of the Disclosure Schedule lists the managers, directors and officers of Target. The Seller Representative has delivered to Buyer correct and complete copies of the charter and operating agreement for Target (as amended to date). To the Knowledge of Sellers, the minute books (containing the records of meetings of the Managers and Members, and any committees), the equity certificate books, and the equity record books for Target are correct and complete. Target is not in default under or in violation of any provision of its governing documents.

4.2 Capitalization. The entire authorized equity of Target consists of 1,016,667 Units, of which 1,016,667 Units are issued and outstanding and no Units are held in treasury. All of the issued and outstanding Equity have been duly authorized, are validly issued, fully paid, and non-assessable, and are held of record by Sellers. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other contracts or commitments that could require Target to issue, sell, or otherwise cause to become outstanding any of its equity. There are no outstanding or authorized appreciation, phantom, profit participation, or similar rights with respect to Target. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting of the equity of Target.

4.3 Non-contravention. Except as set forth in Section 4.3 of the Disclosure Schedule, neither the execution and the delivery of this Agreement, nor the consummation of the Transactions, will (a) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Target is subject or any provision of the charter or bylaws of Target or (b) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Target is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Lien upon any of its assets). Target does not need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order for the Parties to consummate the Transactions.

4.4 Brokers' Fees. Target has no Liability to pay any fees or commissions to any Broker, finder, or agent with respect to the Transactions.

4.5 Title to Assets. Target has good and marketable title to, or a valid leasehold interest in, the properties and material assets (or in the case of agreements of the Target, good title to all such agreements) used by it, located on its premises, or shown on the Most Recent Balance Sheet or acquired after the date thereof, free and clear of all Liens, except for properties and assets disposed of in the Ordinary Course of Business since the date of the Most Recent Balance Sheet.

4.6 No Subsidiaries, Voting Trust or Phantom Equity. Target has no Subsidiaries. There are no outstanding appreciation, phantom, profit participation, preemptive or similar rights with respect to Target. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting of any equity of Target. Target does not control directly or indirectly or have any direct or indirect equity participation in any corporation, partnership, trust, or other business association. Target does not own or have any right to acquire, directly or indirectly, any outstanding capital stock of, or other equity interests in, any Person.

4.7 Financial Statements. Complete copies of the following Target financial statements have been provided to Buyer (collectively the "Financial Statements"): (i) unaudited balance sheets and statements of income, changes in members' equity, and cash flow as of and for the fiscal year ended December 31, 2019; (ii) audited balance sheets and statements of income, changes in members' equity, and cash flow as of and for the fiscal year ended December 31, 2020 (the "Most Recent Fiscal Year End"); and (iii) unaudited balance sheets and statements of income, changes in members' equity, and cash flow (the "Most Recent Financial Statements") as of and for the month ended September 30, 2021 (the "Most Recent Fiscal Month End") for Target. The Financial Statements (including the notes thereto) were prepared in good faith based on the books and records of Target. The Financial Statements present fairly the financial condition of Target as of such dates and the results of operations of Target for such periods, are correct and complete in all material respects, and in all material respects are consistent with the books and records of Target (which books and records are correct and complete in all material respects) except, in case of the Most Recent Financial Statements, subject to normal year-end adjustment.

4.8 Events Subsequent to Most Recent Month End. Except as set forth in Section 4.8 of the Disclosure Schedule, since the Most Recent Fiscal Month End, there has not been any Material Adverse Effect with respect to Target or Target's business or operations. Without limiting the generality of the foregoing, since that date, except as set forth in Section 4.8 of the Disclosure Schedule:

(a) Target has not sold, leased, transferred, or assigned any of its material assets, tangible or intangible, other than for a fair consideration in the Ordinary Course of Business;

(b) Target has not entered into any material agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) either involving more than $50,000 or outside the Ordinary Course of Business;

(c) no party (including Target) has accelerated, terminated, modified, or cancelled any material agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) to which Target is a party or by which it is bound;

(d) Target has not imposed any Liens upon any of its assets, tangible or intangible;

(e) Target has not made any capital expenditure (or series of related capital expenditures) either involving more than $50,000 or outside the Ordinary Course of Business;

(f) Target has not made any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person (or series of related capital investments, loans, and acquisitions) either involving more than $50,000 or outside the Ordinary Course of Business;

(g) Target has not issued any note, bond, or other debt security or created, incurred, assumed, or guaranteed any indebtedness for borrowed money or capitalized lease obligation either involving more than $25,000 singly or $50,000 in the aggregate;

(h) Target has not delayed or postponed the payment of accounts payable and other Liabilities outside the Ordinary Course of Business;

(i) Target has not cancelled, compromised, waived, or released any right or claim (or series of related rights and claims) either involving more than $50,000 or outside the Ordinary Course of Business;

(j) Target has not transferred, assigned, or granted any license or sublicense of any material rights under or with respect to any Intellectual Property other than in the Ordinary Course of Business;

(k) there has been no change made or authorized in the governing documents of Target;

(l) Target has not issued, sold, or otherwise disposed of any of its equity, or granted any options, warrants, or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any of its equity;

(m) Target has not declared, set aside, or paid any dividend or made any distribution with respect to its equity (whether in cash or in kind) or redeemed, purchased, or otherwise acquired any of its equity (other than "tax distributions" to Sellers made in the Ordinary Course of Business);

(n) Target has not experienced any material damage, destruction, or loss (whether or not covered by insurance) to its property;

(o) Target has not made any loan to, or entered into any other transaction with, any of its directors, officers, and employees outside the Ordinary Course of Business;

(p) Target has not entered into or terminated any employment contract or any collective bargaining agreement, written or oral, or materially modified the terms of any existing such contract or agreement outside the Ordinary Course of Business or become bound by any collective bargaining relationship;

(q) Target has not granted any increase in the base compensation of any of its directors, officers, and employees outside the Ordinary Course of Business;

(r) Target has not adopted, materially amended, materially modified, or terminated any bonus, profit sharing, incentive, severance, or other plan, contract, or commitment for the benefit of any of its managers, directors, officers, and employees (or taken any such action with respect to any other Employee Benefit Plan);

(s) Target has not made any other material change in employment terms for any of its managers, directors, officers, and employees outside the Ordinary Course of Business;

(t) Target has not implemented any employee layoffs that could implicate the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar state, local, or non-U.S. law, regulation, or ordinance (collectively the "WARN Act") in each case, without complying therewith;

(u) Target has not made or pledged to make any charitable or other capital contribution outside the Ordinary Course of Business;

(v) Other than the transfer of certain assets of Digital Orchard, LLC and Trinity Releasing, LLC to Target on or prior to the Closing Date, there has not been any other material occurrence, event, incident, action, failure to act, or transaction outside the Ordinary Course of Business involving Target;

(w) Target has not discharged a material Liability or Lien outside the Ordinary Course of Business;

(x) Target has not made (A) any loans in any amount or (B) any advances of money other than advances to employees of less than $10,000 in the Ordinary Course of Business;

(y) Target has not disclosed any material Confidential Information to any party except pursuant to a valid confidentiality agreement or to Target's members, directors, officers, employees, auditors, attorneys, representatives or agents, in each case who have legitimate "need to know"; and

(z) Target has not committed to do any of the foregoing except as expressly required by this Agreement.

4.9 Undisclosed Liabilities. Except as set forth in Section 4.9 of the Disclosure Schedule, Target has no material Liability (and to the Knowledge of Sellers there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against any of them giving rise to any material Liability), except for (a) Liabilities reflected, reserved against or otherwise disclosed in the Most Recent Balance Sheet, (b) Liabilities that have arisen after the Most Recent Fiscal Month End in the Ordinary Course of Business (none of which results from, arises out of, relates to, is in the nature of, or was caused by any breach of contract, breach of warranty, tort, infringement, or violation of law), (c) Liabilities arising in connection with the Transactions, (d) Liabilities to be included in the computation of Transaction Expenses or Indebtedness as of the Closing, and (e) Liabilities to be included in the computation of Closing Working Capital.

4.10 Legal Compliance. Since January 1, 2018, except as set forth in Section 4.10 of the Disclosure Schedule, Target has complied in all material respects with all applicable laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder and including the Foreign Corrupt Practices Act, 15 U.S.C. 78dd-1 et seq.) of federal, state, local, and non-U.S. governments and all agencies thereof. Since January 1, 2016, no action, suit, proceeding, hearing, charge, complaint, claim, demand, or notice has been filed or commenced or, to the Knowledge of Sellers, threatened against any of them alleging any failure so to comply.

4.11 Tax Matters.

(a) Target has timely filed all Tax Returns that it was required to file under applicable laws and regulations. All such Tax Returns were correct and complete in all material respects. All Taxes due and owing by Target (whether or not shown on any Tax Return) have been timely paid. Except as set forth in Section 4.11 of the Disclosure Schedule, Target currently is not the beneficiary of any extension of time within which to file any Tax Return. No written claim has ever been made by an authority in a jurisdiction where Target does not file Tax Returns that Target is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the stock or assets of Target.

(b) Target has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party, and all Tax forms, including IRS Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed.

(c) No federal, state, local, or non-U.S. tax audits or administrative or judicial Tax proceedings are pending or being conducted with respect to Target. Target has not during the past three years received from any federal, state, local, or non-U.S. taxing authority (including jurisdictions where Target has not filed Tax Returns) any written notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any taxing authority against Target. Section 4.11(c) of the Disclosure Schedule lists all federal, state, local, and non-U.S. income Tax Returns that have been audited and indicates those Tax Returns that currently are the subject of audit. No Seller or director or officer has been contacted in writing regarding the potential examination of Tax Returns or the assessment of any additional Taxes. Sellers have delivered to Buyer correct and complete copies of all federal income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by Target filed or received since January 1, 2018.

(d) Target has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, which waiver or extension remains in effect.

(e) Target has not been a United States real property holding corporation within the meaning of Code Section 897(c)(2) during the applicable period specified in Code Section 897(c)(1)(A)(ii). Target is not a party to or bound by any Tax allocation or sharing agreement. Target (A) has not been a member of an Affiliated Group filing a consolidated federal income Tax Return (other than a group the common parent of which was Target) or (B) has any liability for the Taxes of any Person (other than Target) under Reg. Section 1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise. Target has not participated in a reportable transaction within the meaning of Code Section 6111 or 6662.

(f) Target will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(i) change in method of accounting for a taxable period ending on or prior to the Closing Date;

(ii) “closing agreement” as described in Code Section 7121 (or any corresponding or similar provision of state, local, or non-U.S. income Tax law) executed on or prior to the Closing Date;

(iii) intercompany transaction or excess loss account described in Treasury Regulations under Code Section 1502 (or any corresponding or similar provision of state, local, or non-U.S. income Tax law);

(iv) installment sale or open transaction disposition made on or prior to the Closing Date;

(v) prepaid amount received on or prior to the Closing Date;

(vi) election under Code Section 108(i); or

(vii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date.

(g) Target has not distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code Section 355 or Code Section 361.

(h) Target is not and has not been a party to any "reportable transaction," as defined in Code Section 6707A(c)(1) and Reg. Section 1.6011-4(b).

(i) Except as set forth in Section 4.11(i) of the Disclosure Schedule, Target has not received any private letter ruling from the Internal Revenue Service (or any comparable ruling from any other taxing authority).

(j) Target is not party to any Tax allocation or Tax sharing agreement, is not bound by any such agreement, and is not required to make any payment pursuant to any such agreement.

(k) Target does not have a permanent establishment (within the meaning of an applicable Tax treaty) or otherwise have an office or fixed place of business in a country other than the country in which it is organized.

(l) Target is not a party to any agreement, contract, arrangement, or plan that has resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Code Section 280G (or any corresponding provision of state, local, or non-U.S. Tax Law) in connection with the transactions contemplated by this Agreement.

(m) Target has not received any benefits (including any loans) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

(n) Target has never been an S corporation within the meaning of Code Section 1361 or a qualified subchapter S subsidiary within the meaning of Treasury Regulations Section 1.1361-2.

(o) Target has collected and remitted to the appropriate Governmental Authorities all Taxes payable with respect to services provided, or tangible personal property transferred, to its customers.

(p) Target has timely, accurately, and completely filed (i) all FinCEN Forms 114 (or predecessor forms) that it was required to file and (ii) all other federal, state local, or foreign information returns that it was required to file (or provide to any other Person).

(q) Except as indicated at Section 4.11(q) of the Disclosure Schedule, Target has correctly classified each individual who has provided services to the Company as an employee or independent contractor for Tax purposes.

(r) To the extent applicable under and consistent with Target's usual method of accounting, Target's unpaid Taxes (i) did not, as of the most recent fiscal month end, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the most recent balance sheet (rather than in any notes thereto) and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of Target in filing its Tax Returns.

4.12 Real Property.

(a) Section 4.12 of the Disclosure Schedule sets forth a complete and correct list of all real property owned or leased by the Company or otherwise occupied by the Company and lists each lease (the "Company Real Properties").

(b) All leases of Company Real Property under which the Company, as lessee, leases any material Company Real Property (each, a "Lease"), are valid, binding and enforceable against the Company in accordance with their respective terms, and the Company has a valid leasehold interests to all material Company Real Property leased by it, there is not under any such Lease any material existing default by the Company or, to the Knowledge of Sellers, any other party thereto, or any event which with notice or lapse of time would constitute such a material default, and all rent and other sums and charges due and payable under such lease have been paid.

(c) There are no Persons in possession of any portion of any of the Company Real Property owned or leased by the Company other than the Company, and no Person other than the Company has the right to use or occupy for any purpose any portion of any of the Company Real Property owned or leased by the Company, except in each case as would not, individually or in the aggregate, impair in any material respect the Company's use of such Company Real Property.

(d) The Transactions do not require the consent of any other party to such Lease which has not been delivered to Buyer, will not result in a breach of or default under such Lease, and will not otherwise cause such lease to cease to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Closing.

(e) Target's possession and quiet enjoyment of the Company Real Property under such Lease has not been disturbed and there are no material disputes with respect to such Lease.

(f) Target has not subleased, licensed or otherwise granted any Person the right to use or occupy the Company Real Property or any portion thereof.

(g) There are no Liens on the Company Real Property.

4.13 Intellectual Property.

(a) At Closing, Target will own and possess or have the right to access and use pursuant to a valid and enforceable written license, sublicense, agreement, covenant not to sue, or permission all Intellectual Property necessary or desirable for the operation of the business of Target as presently conducted and as presently proposed to be conducted. Each material item of Intellectual Property owned, accessed, or used by Target immediately prior to the Closing will be owned or available for access and use by Target on identical terms and conditions immediately subsequent to the Closing. Target has taken all commercially reasonable actions to maintain and protect each item of Intellectual Property that it currently owns or uses.

(b) Except as set forth in Section 4.13(b) of the Disclosure Schedule, Target is not interfering with, infringing upon, diluting, misappropriating, or otherwise coming into conflict with, any Intellectual Property rights of third parties which would result in a Material Adverse Effect and none of the Sellers has received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, dilution, or conflict (including any claim that Target must license or refrain from accessing or using any Intellectual Property rights of any third party) which would have resulted in a Material Adverse Effect. To the Knowledge of Sellers, no third party has interfered with, infringed upon, diluted, misappropriated, or otherwise come into conflict with, any Intellectual Property rights of Target.

(c) Section 4.13(c) of the Disclosure Schedule sets forth a complete and accurate list of all United States and foreign patents, trademarks, domain names, registered copyrights, or any other registration that has been issued to Target with respect to any of its Intellectual Property, identifies each pending application or registration that Target has made with respect to any of its Intellectual Property, and identifies each license, sublicense, agreement, covenant not to sue, or other permission that Target has granted to any third party with respect to any of its Intellectual Property (together with any exceptions). The Seller Representative has delivered to Buyer correct and complete copies of all such patents, registrations, applications, licenses, sublicenses, agreements, covenants not to sue, and permissions (as amended to date) and has made available to Buyer correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. Section 4.13(c) of the Disclosure Schedule also identifies each material unregistered trademark, service mark, logo, slogan, trade name, corporate name, Internet domain name, or other source identifier, computer software item (other than commercially available off-the-shelf software purchased or licensed for less than a total cost of $5,000) and each material unregistered copyright used by Target in connection with its business. With respect to each item of Intellectual Property required to be identified in Section 4.13(c) of the Disclosure Schedule:

(i) Target owns and possesses all right, title, and interest in and to the item, free and clear of any Lien, license, or other restriction or limitation regarding access, use, or disclosure except for such as would not result in a Material Adverse Effect;

(ii) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge; and

(iii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of Sellers is threatened that challenges the legality, validity, enforceability, access, use, or ownership of the item, and to the Knowledge of Sellers, there are no grounds for the same;

(d) Section 4.13(d) of the Disclosure Schedule identifies each item of Intellectual Property that is a motion picture or episode of a television series that any third party owns that is material to Target and that Target accesses or uses pursuant to license, sublicense, agreement, covenant not to sue, or permission. The Seller Representative has delivered to Buyer correct and complete copies of all such licenses, sublicenses, agreements, covenants not to sue, and permissions (each as amended to date). With respect to each item of Intellectual Property identified in Section 4.13(d) of the Disclosure Schedule:

(i) the license, sublicense, agreement, covenant not to sue, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect;

(ii) the license, sublicense, agreement, covenant not to sue, or permission will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following consummation of the Transactions;

(iii) no party to the license, sublicense, agreement, covenant not to sue, or permission is in material breach or default, and to the Knowledge of any of Seller, no event has occurred that with notice or lapse of time would constitute a material breach or default or permit termination, modification, or acceleration thereunder;

(iv) to the Knowledge of Sellers, no party to the license, sublicense, agreement, covenant not to sue, or permission has repudiated any provision thereof;

(v) to the Knowledge of Sellers, with respect to each sublicense, the representations and warranties set forth in Subsections 4.13(a) through 4.13(d) above are true and correct with respect to the underlying license;

(vi) to the Knowledge of Sellers, the underlying item of Intellectual Property is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(vii) except as set forth in Section 4.13(d)(vii) of the Disclosure Schedule, no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of Sellers, is threatened that challenges the legality, validity, or enforceability of the underlying item of Intellectual Property, and to the Knowledge of Sellers, there are no grounds for the same; and

(viii) except as set forth in Section 4.13(d)(viii) of the Disclosure Schedule, Target has not granted any sublicense or similar right with respect to the license, sublicense, agreement, covenant not to sue, or permission.

(e) To the Knowledge of Sellers, Target has taken all commercially reasonable actions to maintain and protect all of the Intellectual Property of Target. To the Knowledge of Sellers, the owners of any of the Intellectual Property licensed to, or used by, Target have taken all commercially reasonable actions to maintain and protect the Intellectual Property.

(f) Sellers and Target have complied with, and are presently in compliance with, all federal, state, local, and non-U.S. governmental (including, but not limited to, the Federal Trade Commission and State Attorneys General), administrative, or regulatory laws, regulations, guidelines, and rules applicable to any Intellectual Property or to personal information, except for such failure to comply as would not result in a Material Adverse Effect.

(g) Each current and former employee, consultant, director, officer and independent contractor of the Target who has created any portion of, or otherwise who would have any rights in or to, the Intellectual Property owned by Target, has entered into a valid and enforceable written agreement assigning to the Target all Intellectual Property created by such Person in the course of such Person's employment by or engagement with the Target. To the Knowledge of Sellers, no current or former employee, consultant, or independent contractor of the Target is in violation of such agreement.

(h) Target has not disclosed or delivered to any escrow agent or any other Person any of the source code relating to any Intellectual Property of Target, and no other Person has the right, contingent or otherwise, to obtain access to or use any such source code.

(i) The Intellectual Property of Target does not contain any computer code designed to disrupt, disable or harm in any manner the operation of any software or hardware. The Intellectual Property of Target contains no unauthorized feature (including any worm, bomb, backdoor, clock, timer or other disabling device, code, design or routine) that causes the software or any portion thereof to be erased, inoperable or otherwise incapable of being used, either automatically, with the passage of time or upon command by any party.

(j) Except as set forth on Section 4.13(j) of the Disclosure Schedule, all Publicly Available Software used by Target has been used in its entirety and without modification. No Intellectual Property of Target is subject to any license terms that (i) require, or condition the use or distribution of any Intellectual Property of Target on the disclosure, licensing or distribution of any source code for any portion of such Intellectual Property or (ii) otherwise impose any limitation, restriction or condition on the right or ability of Target to use or distribute any Intellectual Property of Target. "Publicly Available Software" means each of (i) any software that contains, or is derived in any manner (in whole or in part) from, any software that is distributed as free software, open source software, or pursuant to similar licensing and distribution models; and (ii) any software that requires as a condition of use, modification, and/or distribution of such software that such software or other software incorporated into, derived from, or distributed with such software (a) be disclosed or distributed in source code form; (b) be licensed for the purpose of making derivative works; or (c) be redistributable at no or minimal charge.

(k) Target has not transferred ownership of, or granted any license with respect to, any Intellectual Property of Target to any Person.

4.14 Tangible Assets. Target owns or leases all buildings, machinery, equipment, and other material tangible assets necessary for the conduct of their business as presently conducted and as presently proposed to be conducted. Each such material tangible asset is free from defects (patent and latent), has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear), and is suitable for the purposes for which it presently is used and presently is proposed to be used.

4.15 Contracts. Section 4.15 of the Disclosure Schedule lists the following contracts and other agreements to which Target is a party (collectively, the "Material Contracts"):

(a) any agreement (or group of related agreements) for the lease of personal property to or from any Person providing for lease payments in excess of $50,000 per annum;

(b) any agreement (or group of related agreements) for the purchase or sale of products, or other personal property, or for the furnishing or receipt of services, the performance of which will involve consideration in excess of $50,000;

(c) any partnership or joint venture agreement;

(d) any agreement (or group of related agreements) under which it has created, incurred, assumed, or guaranteed any indebtedness for borrowed money, or any capitalized lease obligation, in excess of $25,000 or under which it has imposed a Lien on any of its assets, tangible or intangible;

(e) any agreement concerning non-competition not otherwise disclosed in the Disclosure Schedule;

(f) any agreement with any Seller or his or her Affiliates (other than Target);

(g) any profit sharing, option, purchase, appreciation, deferred compensation, severance, or other material plan or arrangement for the benefit of its current or former managers, directors, officers, and employees;

(h) any collective bargaining agreement;

(i) any agreement for the employment of any individual on a full-time, part-time, consulting, or other basis providing for annual compensation in excess of $100,000 or providing severance benefits in excess of $10,000 or contracts providing for any payments on the change of control or ownership of the Target, its Affiliates, or any employer of any employee which could reasonably be expected to trigger IRS Code Section 280G, or providing for deferred compensation.

(j) any agreement under which it has advanced or loaned any amount to any of its managers, directors, officers, and employees;

(k) any agreement under which the consequences of a default or termination could have a Material Adverse Effect;

(l) any settlement, conciliation or similar agreement with any Governmental Authority or which will require satisfaction of any obligations after the date of this Agreement;

(m) any agreement under which Target has advanced or loaned any other Person amounts in the aggregate exceeding $25,000; or

(n) any other written agreement (or group of related written agreements) the performance of which involves consideration in excess of $100,000.

The Seller Representative has delivered to Buyer a correct and complete copy of each Material Contract. With respect to each such Material Contract: (A) the agreement is legal, valid, binding, enforceable, and in full force and effect; (B) the agreement will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the Transactions; (C) except as set forth in Section 4.15 of the Disclosure Schedule, the Company is not, and to the Knowledge of Sellers, the other party is not in material breach or default, and no event has occurred that with notice or lapse of time would constitute a material breach or default, or permit termination, modification or acceleration under the agreement; and (D) to the Knowledge of Sellers, no party has repudiated any provision of the agreement. Target is not a party to any material oral agreement.

4.16 Accounts Receivable. All accounts receivable of Target are reflected properly on its books and records, are valid receivables subject to no setoffs or counterclaims, are current and collectible in full within ninety (90) days after billing, subject only to the reserve for bad debts set forth on the face of the Most Recent Balance Sheet (rather than in any notes thereto) as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of Target.

4.17 Powers of Attorney. To the Knowledge of Sellers, there are no outstanding powers of attorney executed by or on behalf of Target.

4.18 Insurance. Section 4.18 of the Disclosure Schedule sets forth the following information with respect to each material insurance policy (including policies providing property, casualty, liability, and workers' compensation coverage and bond and surety arrangements) to which Target has been a party, a named insured, or otherwise the beneficiary of coverage at any time within the past 3 years:

(a) the name of the insurer, the name of the policyholder, and the name of each covered insured;

(b) the policy number and the period of coverage; and

(c) a description of any retroactive premium adjustments or other loss-sharing arrangements.

With respect to each such insurance policy: (A) the policy is legal, valid, binding, enforceable, and in full force and effect; (B) the policy will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the Transactions; (C) neither Target nor, to the Knowledge of Sellers, any other party to the policy is in material breach or default (including with respect to the payment of premiums or the giving of notices), and no event has occurred that, with notice or the lapse of time, would constitute such a material breach or default, or permit termination, modification, or acceleration, under the policy; and (D) to the Knowledge of Sellers, no party to the policy has repudiated any provision thereof. Target has been covered during the past three (3) years by insurance in scope and amount customary and reasonable for the businesses in which it has been engaged during the aforementioned period. Section 4.18 of the Disclosure Schedule describes any material self-insurance arrangements affecting Target.

4.19 Litigation. Section 4.19 of the Disclosure Schedule sets forth each instance in which Target (a) is subject to any outstanding injunction, judgment, order, decree, ruling, or charge or (b) is a party or, to the Knowledge of Sellers, is threatened to be made a party to any action, suit, proceeding, hearing, or investigation of, in, or before (or that could come before) any court or quasi-judicial or administrative agency of any federal, state, local, or non-U.S. jurisdiction or before (or that could come before) any arbitrator, which if adversely determined, would result in a Material Adverse Effect. There is no action pending, or to the Knowledge of Sellers, threatened against Target that (x) challenges or seeks to enjoin, alter or materially delay the Transactions or (y) would reasonably be expected to have a Material Adverse Effect.

4.20 Employees.

(a) With respect to the business of Target:

(i) there is no collective bargaining agreement or relationship with any labor organization;

(ii) to the Knowledge of Sellers, no executive or manager of Target (1) has any present intention to terminate his or her employment, or (2) is a party to any confidentiality, non-competition, proprietary rights or other such agreement between such employee and any Person besides such entity that would be material to the performance of such employee's employment duties, or the ability of such entity or Buyer to conduct the business of such entity;

(iii) no labor organization or group of employees has filed any representation petition or made any written or oral demand for recognition;

(iv) to the Knowledge of Sellers, no union organizing or decertification efforts are underway or threatened and no other question concerning representation exists;

(v) no labor strike, work stoppage, slowdown, or other material labor dispute has occurred, and none is underway or, to the Knowledge of Sellers, threatened;

(vi) to the Knowledge of Sellers, there is no workman's compensation liability, experience or matter outside the Ordinary Course of Business;

(vii) there is no employment-related charge, filed written complaint, written grievance, investigation, inquiry or obligation of any kind, pending or to the Knowledge of Sellers, threatened in any forum, relating to an alleged violation or breach by Target (or its or their officers or directors) of any employment-related law, regulation or contract; and,

(viii) to the Knowledge of Sellers, no employee or agent of Target has committed any act or omission that would give rise to material liability for any violation or breach of the type identified in subsection (vii) above.

(b) To the extent permissible under applicable Law, Section 4.20 of the Disclosure Schedule sets forth, for each employee, officer and individual who is an independent contractor of Target as of the date hereof, his or her (i) name, (ii) rate of pay or annual compensation (including actual or potential bonus payments and the terms of any commission payments or programs), (iii) title(s) (including whether full-time or part-time), (iv) status of employment or engagement, (v) date of hire or engagement, (vi) annual vacation, sick and other paid time off allowance, (vii) amount of accrued vacation, sick and other paid time off and the economic value thereof, (viii) description of other fringe benefits, (ix) terms of severance benefits, (x) status as independent contractor or employee, (xi) status as exempt or non-exempt, and (xii) work visa status. Target is in material compliance with all Laws regarding classification of each individual currently or formerly performing services for Target in the past seven (7) years as an employee or an independent contractor. Target has never leased any employees from any other Person.

(c) Except as set forth in Section 4.20 of the Disclosure Schedule, (i) there are no employees of Target, (ii) there are no written employment contracts or severance agreements with any employees of Target, and (iii) there are no written personnel policies, rules, or procedures applicable to employees of Target. True and complete copies of all such documents have been provided to Buyer prior to the date of this Agreement. Target has adequately reserved an amount sufficient to pay any amounts due to employees through the Closing Date pursuant to the bonus arrangements set forth on Schedule 4.21 in the Most Recent Financial Statements.

(d) To the Knowledge of Sellers, no employee, officer or independent contractor of Target is in material violation of any term of any employment, consulting, independent contractor, non-disclosure, non-competition, non-solicitation, or inventions assignment agreement. Target is and for three (3) years prior hereto has been in material compliance with all applicable Laws with respect to any aspect of the employment or engagement of its employees, officers and independent contractors, including with respect to employment practices, terms and conditions of employment, wage and hours, hiring practices, background checks, parental and family leave and pay, immigration, non-discrimination in employment, workers compensation and the health and safety at work of its employees, including under the Immigration Reform and Control Act, and there are no claims pending or, to the Knowledge of Sellers, threatened by any Person in respect of employment or engagement, any accident or injury or any unsatisfied obligations by Target. All employees and independent contractors have the legal right to perform services for Target in accordance with local immigration, work permit and similar applicable Laws and regulations.

(e) With respect to this Transaction, any notice required under any law or collective bargaining agreement has been or prior to the Closing Date will be given, and all bargaining obligations with any employee representative have been or prior to the Closing Date will be satisfied. Within the past five (5) years, Target has not implemented any plant closing or layoff of employees that could implicate the WARN Act, and no such action will be implemented without advance notification to Buyer.

4.21 Employee Benefits.

(a) Section 4.21 of the Disclosure Schedule lists each material Employee Benefit Plan.

(i) Each such Employee Benefit Plan (and each related trust, insurance contract, or fund) has been maintained, funded and administered in all material respects in accordance with the terms of such Employee Benefit Plan and the terms of any applicable collective bargaining agreement and complies in form and in operation in all material respects with the applicable requirements of ERISA, the Code, and other applicable laws.

(ii) All material contributions (including all employer contributions and employee salary reduction contributions) that are due have been made within the time periods prescribed by ERISA and the Code to each such Employee Benefit Plan that is an Employee Pension Benefit Plan. All premiums or other payments due have been paid or accrued with respect to each such Employee Benefit Plan that is an Employee Welfare Benefit Plan.

(iii) Each such Employee Benefit Plan that is intended to meet the requirements of a "qualified plan" under Code Section 401(a) has received a determination from the Internal Revenue Service that such Employee Benefit Plan is so qualified, and which has not been revoked, and to the Knowledge of Sellers, nothing has occurred since the date of such determination that could adversely affect the qualified status of any such Employee Benefit Plan.

(iv) To the Knowledge of Sellers, there have been no Prohibited Transactions with respect to any such Employee Benefit Plan or any Employee Benefit Plan maintained by an ERISA Affiliate which could subject any Employee Benefit Plan or any related trust, the Target or any Person that the Target has an obligation to indemnify, to any material tax or penalty under Section 4975 of the Code or Section 502 of ERISA. No Fiduciary has any Liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Employee Benefit Plan which could reasonably be expected to result in any material Liability to the Target. No action, suit, proceeding, hearing, or investigation with respect to the administration or the investment of the assets of any such Employee Benefit Plan (other than routine claims for benefits) is pending or, to the Knowledge of Sellers, threatened and none of Sellers has any Knowledge of any Basis for any such action, suit, proceeding, hearing, or investigation.

(v) The Seller Representative has delivered to Buyer correct and complete copies of the plan documents and summary plan descriptions, and all related trust agreements, insurance contracts, and other funding arrangements that implement each such Employee Benefit Plan in each case, as applicable.

(vi) Neither Target nor any ERISA Affiliate contributes to, has any obligation to contribute to, or has any Liability under or with respect to any Employee Pension Benefit Plan that is a "defined benefit plan" (as defined in ERISA Section 3(35)). No asset of any Employee Benefit Plan is subject to any Lien under ERISA or the Code.

(vii) Neither Target nor any ERISA Affiliate contributes to, has any obligation to contribute to, or has any Liability (including withdrawal liability as defined in ERISA Section 4201) under or with respect to any Multiemployer Plan.

(b) Except as set forth in Section 4.21 of the Disclosure Schedule, Target does not maintain, contribute to or have an obligation to contribute to, or have any Liability with respect to, any Employee Welfare Benefit Plan or other arrangement providing health or life insurance or other welfare-type benefits for current or future retired or terminated directors, officers or employees (or any spouse or other dependent thereof) of Target or of any other Person other than in accordance with COBRA.

(c) The consummation of the Transactions will not accelerate the time of the payment or vesting of, or increase the amount of, or result in the forfeiture of compensation or benefits under, any Employee Benefit Plan.

(d) Each Employee Benefit Plan that is a "nonqualified deferred compensation plan" subject to Code Section 409A complies with the requirements of Code Section 409A and any Internal Revenue Service guidance issued thereunder. Target has no actual or potential obligation to reimburse or otherwise "gross-up" any Person for the interest or additional tax set forth under Code Section 409A(a)(1)(B).

4.22 Guarantees. Target is not a guarantor or is not otherwise liable for any Liability (including indebtedness) of any other Person.

4.23 Environmental Laws.

(a) The Company and, to the Knowledge of Sellers, the Company Real Properties are in compliance in all material respects with applicable Environmental Laws. The Company has not received any written notice, demand, request for information, citation, summons, complaint or order, writ, judgment, injunction, subpoena indictment, decree, stipulation, determination or award entered by or with any federal, state, local or foreign governmental or regulatory authority, agency or commission, court or other legislative, executive or judicial governmental entity, including any self-regulatory organization, that remains outstanding alleging material liability against it or, to the Knowledge of Sellers, the Company Real Properties under any Environmental Laws. To the Knowledge of Sellers, none of the Company Real Properties has been used for the disposal of hazardous or toxic waste, petroleum product, polychlorinated biphenyl, asbestos or asbestos containing material, chemical, pollutant, contaminant, pesticide, radioactive substance, or other hazardous or toxic substance regulated under any Environmental Laws in material violation of applicable Environmental Laws.

(b) To the Knowledge of Sellers, none of the Company Real Properties has had any material emissions or discharges by the Company or, to the Knowledge of Sellers, any other Person for whom the Company is legally liable, of any hazardous or toxic waste, petroleum product, polychlorinated biphenyl, asbestos or asbestos containing material, chemical, pollutant, contaminant, pesticide, radioactive substance, or other hazardous or toxic substance regulated under any Environmental Laws in violation of applicable Environmental Laws.

(c) To the Knowledge of Sellers, there are no material liabilities affecting the Company under Environmental Laws.

4.24 Certain Business Relationships with Target. Except as set forth in Section 4.24 of the Disclosure Schedule, none of Sellers, their Affiliates, or Target's members, managers, or officers has been involved in any material business arrangement or relationship with Target within the past 12 months (other than as employees, directors and members of Target), and none of Sellers, their Affiliates, and Target's members, managers, or officers owns any material asset, tangible or intangible, that is used in the business of Target (other than such assets as will be transferred from Digital Orchard, LLC and Trinity Releasing, LLC concurrently with the Transactions).

4.25 No Other Representations and Warranties. Except for the representations and warranties contained in Section 3.1 and 4 (including the related portions of the Disclosure Schedule) or the representations and warranties contained in any certificate delivered by the Seller Representative, none of Sellers, the Company, or any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Sellers or the Company, including any representation or warranty as to the accuracy or completeness of any information regarding the Company furnished or made available to Buyer and its representatives or as to the future revenue, profitability or success of the Company, or any representation or warranty arising from statute or otherwise in Law.

Section 5. Additional Covenants and Agreements.

5.1 General. From the Effective Date through the Closing (such period, the "Pre-Closing Period"), and with a view towards consummation of the Transactions and a smooth transition of managerial and supervisory functions following the Closing, Sellers agree to: (a) discuss with Buyer any material operational decisions relating to the Business; (b) allow Buyer and its representatives reasonable access to the Business, management and books and records of Target and the Business at reasonable times upon reasonable prior notice; (c) continue to maintain books and records of the Business consistent with past practice; and (d) provide access to the books and records of the Business as deemed necessary by Buyer.

5.2 Continuing Business. For a period of two years from and after the Closing Date, no Seller shall take any action that is designed or intended to have the effect of discouraging any lessor, licensor, customer, supplier, or other business associate of Target from maintaining the same business relationships with Target after the Closing as it maintained with Target prior to the Closing. During such period Sellers will refer all customer inquiries relating to the business of Target to Target or Buyer from and after the Closing.

5.3 Confidentiality. From and after the Closing, each Seller shall, and shall cause his or her Affiliates or any of their respective representatives to, hold, and shall use their reasonable efforts to cause their respective representatives to hold, in confidence any and all information, whether written or oral, concerning the Business, except to the extent that such Seller can show that such information: (a) is generally available to and known by the public through no fault of such Seller, any of his or her Affiliates or their respective representatives; (b) known by such Seller, his or her Affiliates or their respective representatives prior to the disclosure of such information; (c) is lawfully acquired by such Seller, any of his or her Affiliates or their respective representatives from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation; (d) independently developed by such Seller, his or her Affiliates or their respective representatives; or (e) legally required to be disclosed by such Seller, his or her Affiliates or their respective representatives. If a Seller or any of his or her Affiliates or their respective representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, such party shall promptly notify all other Parties hereto in writing and shall disclose only that portion of such information which such party is advised by its counsel in writing is legally required to be disclosed, provided that such party shall use commercially reasonable efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

5.4 Covenant Not to Compete. For a period of three years from and after the Closing Date, Sellers shall not engage directly or indirectly in any business that is competitive with the Business in North America, other than as employees of Buyer or Target; provided, however, that no owner of less than 5% of the outstanding stock of any publicly traded corporation shall be deemed to engage solely by reason thereof in its business; and provided further, however, that Michael Hong shall be permitted to engage in the content-fund business that he founded, except that Michael Hong shall not be permitted to engage directly or indirectly in any business related to the content and licenses owned or licensed by Target during such period, unless such business is conducted by Michael Hong for or on behalf of Buyer or Target. If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section 5.4 is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

5.5 Operation of the Business. Except as provided otherwise herein, during the Pre-Closing Period, or if applicable, prior to the termination of this Agreement, as provided herein, Seller shall at a minimum:

(a) conduct the Business in a manner substantially consistent with ordinary past practice;

(b) not create, incur, assume or suffer to exist, any Lien of any kind upon the Equity;

(c) not amend or modify any Material Contract without the prior written consent of Buyer;

(d) not sell lease, assign, transfer or otherwise dispose of any material assets of the Business;

(e) not enter into any agreement to do any of the foregoing;

(f) not make or change any Tax election related to the Company without the prior written consent of Buyer;

(g) not amend any Tax Return of the Company without the prior written consent of Buyer; and

(h) not take any action that could reasonably be foreseen to diminish the value of the Business, have a Material Adverse Effect on the Business or have a Material Adverse Effect on the consummation of the Transactions.

5.6 Employee Matters. Sellers shall be solely responsible and Buyer shall have no responsibility whatsoever for any compensation, claims, liability or amounts payable or expenses arising before the Closing with respect to payments to any current or former employees, contractors or consultants of Target with respect to such employees, contractors or consultants accrued and unused vacation, and Target shall pay all such amounts at or prior to Closing.

5.7 Third-Party Consents. Closing of the Transactions shall be subject to the Parties obtaining all required consents from third parties (each, a "Third-Party Consent"), each as set forth on Section 5.7 of the Disclosure Schedule, and each Party shall comply with all commercially reasonable requests of the other Parties, which are necessary to obtain such third-party consents. The fees and expenses associated with obtaining the Third-Party Consents identified on Section 5.7 of the Disclosure Schedule shall be borne by Sellers.

5.8 Commercially Reasonable Efforts. Each Party shall use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Transactions, including, but not limited to, the obtaining of any regulatory approvals, the obtaining of Third-Party Consents, and the satisfaction of all conditions precedent to Closing.

5.9 Notice of Certain Events.

(a) During the Pre-Closing Period, the Seller Representative shall promptly notify Buyer in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by a Seller or Target hereunder not being true and correct;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the Transactions;

(iii) any notice or other communication from any Governmental Authority in connection with the Transactions; or

(iv) any Legal Proceeding commenced or, to Knowledge of Sellers, threatened against, relating to or involving or otherwise affecting the Business that, if pending on the date of this Agreement, would have been required to have been disclosed or that relates to the consummation of the Transactions.

(b) Buyer's receipt of information pursuant to Section 5.9(a) shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Sellers in this Agreement and shall not be deemed to amend or supplement the Disclosure Schedules. Sellers shall have the right prior to Closing to supplement, modify or amend the Disclosure Schedules with respect to any matter arising or discovered after the date hereof which if existing or known at such time would have been required to be set forth or described in the Disclosure Schedules and also with respect to events or conditions arising after the date hereof and prior to Closing. Any such supplemented, modified or amended Disclosure Schedule shall be deemed to have cured any breach of any term or condition of this Agreement; provided, however, that, if, in the absence of such supplementation, modification or amendment, Buyer shall have had the right to terminate this Agreement pursuant to Section 9, then Buyer shall have the right to so terminate this Agreement on or prior to the Closing, and any such termination by Buyer shall be Buyer's sole and exclusive remedy associated with any breach by Sellers that shall have been cured by such supplementation, modification or amendment.

(c) During the Pre-Closing Period, Buyer shall promptly notify the Seller Representative in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by Buyer hereunder not being true and correct;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the Transactions;

(iii) any notice or other communication from any Governmental Authority in connection with the Transactions; or

(iv) any Legal Proceeding commenced or, to the Knowledge of Buyer, threatened against, relating to or involving or otherwise affecting Buyer or its business, if pending on the date of this Agreement, would have been required to have been disclosed or that relates to the consummation of the Transactions.

(d) The Seller Representative's receipt of information pursuant to Section 5.9(c) shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Buyer in this Agreement.

5.10 Further Assurances. Sellers, from time to time after the Closing, at Buyer's reasonable request to the Seller Representative, shall execute, acknowledge and deliver to Buyer such other instruments of conveyance and transfer, and will take such other actions and execute and deliver such other documents, certifications and further assurances as may be reasonably required to carry out the provisions hereof and give effect to Buyer's acquisition of the Equity and the consummation of the Transactions.

5.11 Exclusivity. During the Pre-Closing Period, Sellers shall refrain from, and shall ensure that each of the Target's respective members, managers, officers, employees, investment bankers, accountants and other representatives and agents, refrain from, directly or indirectly, without the prior written consent of Buyer: (a) negotiating with any Person or entering into any agreement or understanding with any Person regarding a transaction similar to the Transactions; or (b) directly or indirectly soliciting, encouraging or considering inquires or proposals from any Person or furnish information to any other Person with respect to a transaction similar to the Transaction. The Seller Representative shall promptly advise Buyer of the identity of any Person who submits any such proposal or other communication regarding such a proposal, and provide Buyer with a copy of the submission.

5.12 Publicity. No public disclosures or announcements relating to this Agreement or the Transactions will be made without the consent of Buyer and the Seller Representative, except as may be required by Law or by any Governmental Authority or the rules of any stock exchange or trading system or as may be reasonably necessary to enforce any rights under this Agreement. Nothing herein shall preclude communications or disclosures necessary to implement the provisions of this Agreement, and each Party and its Affiliates may make such disclosures as they may consider necessary in order to satisfy their legal or contractual obligations to their lenders, shareholders, partners, members and/or investors, without the prior written consent of the other Parties.

5.13 Indemnification of Directors, Officers and Sellers. From the Closing through the sixth (6th) anniversary of the Closing, Buyer shall, and shall cause the Company to, indemnify, defend, and hold harmless, to the fullest extent permitted by Law, each person who was or is made a party or threatened to be made a party to or is involved in any proceeding by reason of the fact that such person is or was at any time prior to the Closing a director, officer or member of the Company (the "Company Indemnified Parties") against all Losses reasonably incurred or suffered by such Company Indemnified Party in connection therewith, whether claimed prior to, at, or after the Closing. The right to indemnification conferred in this Section 5.14 shall include the right to be paid by each of Buyer and the Company (including any of their successors and assigns) for the expenses incurred in defending any such proceeding, in advance of its final disposition, within thirty (30) days of receipt by Buyer or the Company from the Company Indemnified Party of a written claim therefor. The organizational documents of the Company shall contain, and Buyer shall cause the organizational documents of the Company to so contain, provisions no less favorable with respect to indemnification, advancement of expenses, and exculpation of present and former directors of the Company than are set forth in the organizational documents of the Company as of the date hereof. If Buyer, the Company or any of their successors or assigns (a) consolidates with or merges with or into any other Person and shall not be the continuing or surviving entity, partnership, or other entity of such consolidation or merger or (b) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision shall be made so that the successors and assigns of the Company assume the obligations set forth in this Section 5.13.

Section 6. Remedies for Breaches of This Agreement.

6.1 Survival of Representations and Warranties. The representations and warranties contained in Sections 3.1(a), 3.1(b)(iii), 3.1(c), 3.1(d), 4.1, 4.2, 4.4, 4.11 and 4.23 (collectively, the "Fundamental Representations") shall survive the Closing (even if the damaged Party knew or had reason to know of any misrepresentation or breach of warranty at the time of Closing) and continue in full force and effect until the expiration of the applicable statute of limitations. All of the representations and warranties of the Parties contained in this Agreement (the "Limited Survival Representations") shall survive the Closing hereunder (even if the damaged Party knew or had reason to know of any misrepresentation or breach of warranty at the time of Closing) and continue in full force and effect for the period from the Closing Date through the period that is 21 months from the Closing Date; provided, however, that the indemnification obligation set forth in Section 6.2(a)(v) shall survive the Closing for the period from the Closing Date through the period that is seven (7) years from the Closing Date.

6.2 Indemnification by Sellers.

(a) From and after the Closing, subject to the other terms and conditions of this Section 6, David Chu, Helen Hong, Michael Hong and Kingsoon Ong (together, the "Controlling Members") shall, jointly and severally, defend, reimburse, indemnify and hold harmless Buyer and its respective Affiliates, shareholders, members, directors, managers, officers, employees and agents (each such Person being referred to as a "Seller Indemnified Party"; and collectively, the "Seller Indemnified Parties"), against and in respect of any and all Losses incurred or sustained by, or imposed upon, any Seller Indemnified Parties based upon, arising out of or by reason of:

(i) the failure of any representation or warranty of a Seller contained in this Agreement, except for the representations and warranties set forth in Section 4.3(b), to be true, correct and complete as of the date such representation or warranty was made and as of the Closing Date (other than a representation or warranty which, by its express term, is made solely as of a specified date, the failure of such representation or warranty to be true, correct and complete as of such specified date);

(ii) any breach or non-performance of any covenant or agreement of a Seller set forth in this Agreement;

(iii) any Indebtedness for borrowed money of the Company or any of the Transaction Expenses, in each case to the extent not paid at Closing;

(iv) the failure of any representation or warranty of Sellers contained in Section 4.3(b) (without giving effect to any disclosures applicable thereto in the Disclosure Schedules) to be true, correct and complete as of the date such representation or warranty was made and as of the Closing Date; or

(v) the matters described in Section 4.10 of the Disclosure Schedules, the State Tax Liens and the Outstanding Payables.

6.3 Indemnification Provisions for Sellers' Benefit.

(a) From and after the Closing, subject to the other terms and conditions of this Section 6, Buyer shall defend, reimburse, indemnify and hold harmless each Seller and his or her Affiliates and their respective directors, managers, officers, equity owners, employees, agents, consultants, attorneys and other advisors and representatives ("Buyer Indemnified Party"), against and in respect of any and all Losses incurred or sustained by, or imposed upon, any of Buyer Indemnified Party based upon, arising out of or by reason of:

(i) the failure of any representation or warranty of Buyer contained in this Agreement to be true, correct and complete as of the date such representation or warranty was made and as of the Closing Date (other than a representation or warranty which, by its express term, is made solely as of a specified date, the failure of such representation or warranty to be true, correct and complete as of such specified date); or

(ii) any breach or non-performance of any covenant or agreement of Buyer set forth in this Agreement.

6.4 Matters Involving Third Parties.

(a) If any third party notifies any Seller Indemnified Party or Buyer Indemnified Party (the "Indemnified Party") with respect to any matter (a "Third-Party Claim") that may give rise to a claim for indemnification against any other Party (the "Indemnifying Party") under this Section 6.4, then the Indemnified Party shall promptly notify the Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party is thereby prejudiced.

(b) Any Indemnifying Party will have the right to participate in the defense of the Indemnified Party against the Third-Party Claim with counsel of his, her, or its choice reasonably satisfactory to the Indemnified Party so long as (i) the Indemnifying Party notifies the Indemnified Party in writing within thirty (30) days after the Indemnified Party has given notice of the Third-Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against any Losses the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third-Party Claim, (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend against the Third-Party Claim and fulfill its indemnification obligations hereunder, (iii) the Third-Party Claim involves only money damages and does not seek an injunction or other equitable relief, and (iv) the Indemnifying Party conducts the defense of the Third-Party Claim actively and diligently; provided, however, that the Indemnifying Party shall not have the right to defend against such Third-Party Claim if the Indemnified Party in good faith determines after consultation with outside counsel that the Indemnified Party may have available to it one or more defenses or counterclaims that are inconsistent with one or more defenses or counterclaims that may be available to the Indemnifying Party in respect of a Third-Party Claim that would make it inappropriate for the same counsel to represent both the Indemnifying Party and the Indemnified Party.

(c) The Indemnifying Party shall notify the Indemnified Party within fifteen (15) days after having received any claim notice with respect to whether or not it is exercising its right to defend the Indemnified Party against the Third-Party Claim. If the Indemnifying Party has the right to and elects to assume the control of the defense of any Third-Party Claim, (i) the Indemnifying Party shall have the right to defend such Third-Party Claim with counsel selected by the Indemnifying Party (which counsel shall be subject to the approval of the Indemnified Party, such approval not to be unreasonably withheld, conditioned or delayed), (ii) the Indemnifying Party shall not enter into any settlement agreement with respect to such Third-Party Claim without the prior written consent of the Indemnified Party (which shall not be unreasonably withheld, delayed or conditioned) and (iii) the Indemnified Party shall be entitled to participate in the defense of any Third-Party Claim and to employ at its expense separate counsel of its choice for such purpose (in which case the counsel of the Indemnifying Party shall reasonably cooperate with such separate counsel to facilitate such participation, including (x) promptly providing to such separate counsel copies of all written materials received in respect of the Third-Party Claim, (y) providing such separate counsel a reasonable opportunity to review and comment on materials being drafted and furnished in respect of such Third-Party Claim (which such comments shall be considered in good faith) and (z) providing the opportunity to participate in all meetings (whether in person, by teleconference or otherwise) relating to such Third-Party Claim).

(d) If the Indemnifying Party does not notify the Indemnified Party that the Indemnifying Party elects to defend the Indemnified Party pursuant to Section 6.4(c) within fifteen (15) days after receipt of notice of a Third-Party Claim, or the Indemnifying Party is otherwise not entitled to defend the Indemnified Party pursuant to Section 6.4(b), then the Indemnified Party may defend, and be reimbursed by the Indemnifying Party for its reasonable costs and expenses in regard to, the Third-Party Claim with counsel (which may include one firm of counsel, a single local counsel in each appropriate jurisdiction and, to the extent required by the subject matter, one specialist counsel for each specialized area of law in each appropriate jurisdiction) selected by the Indemnified Party in all appropriate proceedings. In such circumstances, the Indemnified Party may defend any such Third-Party Claim and have full control of such defense and proceedings including the settlement, compromise or discharge thereof; provided, however, that no such Third-Party Claim shall be settled, compromised or discharged by the Indemnified Party without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, delayed or conditioned). The Indemnifying Party shall be entitled to participate in the defense of any Third-Party Claim described in this Section 6.4(d) and to employ one separate counsel of its choice for such purpose (in which case the counsel of the Indemnified Party shall reasonably cooperate with such separate counsel to facilitate such participation, including (x) promptly providing to such separate counsel copies of all written materials received in respect of the Third-Party Claim, (y) providing such separate counsel a reasonable opportunity to review and comment on materials being drafted and furnished in respect of such Third-Party Claim (which such comments shall be considered in good faith) and (z) providing the opportunity to participate in all meetings (whether in person, by teleconference or otherwise) relating to such Third-Party Claim). The fees and expenses of such separate counsel shall be paid by the Indemnifying Party.

(e) Each party shall cooperate, and cause its respective Affiliates to cooperate, in the defense or prosecution of any Third-Party Claim and shall furnish or cause to be furnished such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials or appeals, as may be reasonably requested in connection therewith; provided that no Indemnified Party, upon reasonable advice of counsel, shall have any obligation to disclose any information the disclosure of which would reasonably be expected to result in a violation of applicable Law or is subject to attorney-client or any other privilege, and if requested by an Indemnified Party, the Indemnifying Party will enter into an appropriate joint defense agreement (or other privilege-preserving agreement) in connection with obtaining access to such information.

6.5 Direct Claim Procedures. In the event an Indemnified Party brings a claim for indemnity against an Indemnifying Party that does not involve a Third-Party Claim (a "Direct Claim"), the Indemnified Party shall give prompt notice in writing of such Direct Claim to the Indemnifying Party. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party is materially prejudiced by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail (excluding anything subject to attorney-client or similar privilege) with respect thereto and shall indicate the estimated amount, if reasonably known and quantifiable and assuming the truth of the facts asserted therein, of the Losses that have been or may be sustained by the Indemnified Party; provided, however, that (a) the notice with respect to a Direct Claim (a "Direct Claim Notice") need only specify such information to the knowledge of such Indemnified Party as of the date of such notice and (b) shall be updated and amended from time to time by the Indemnified Party by delivering an updated or amended Direct Claim Notice. The Indemnifying Party shall have sixty (60) days after its receipt of such notice to respond in writing to such Direct Claim Notice. During such 60-day period, the Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim, and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including reasonable access to the Indemnified Party's, the Company's and its Subsidiaries' premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. The Indemnifying Party may object to a claim for indemnification set forth in a Direct Claim Notice by delivering a notice to the Indemnified Party seeking indemnification within sixty (60) days of the delivery of the applicable Direct Claim Notice (the "Direct Claim Objection Deadline"), setting forth in reasonable detail the objections to the Direct Claim. If the Indemnifying Party notifies the applicable Indemnified Party that it objects by the Direct Claim Objection Deadline or fails to object by the Direct Claim Objection Deadline, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

6.6 Other Indemnification Provisions. Each Party hereby agrees that he, she or it will not make any claim for indemnification against any other Party by reason of the fact that he, she or it was a director, officer, employee, or agent of any such entity or was serving at the request of any such entity as a partner, trustee, director, officer, employee, or agent of another entity (whether such claim is for judgments, damages, penalties, fines, costs, amounts paid in settlement, Losses, expenses, or otherwise and whether such claim is pursuant to any statute, charter document, bylaw, agreement, or otherwise) with respect to any action, suit, proceeding, complaint, claim, or demand brought against such Party (whether such action, suit, proceeding, complaint, claim, or demand is pursuant to this Agreement, applicable law, or otherwise).

6.7 Limitations on Indemnification. Notwithstanding anything to the contrary in this Section 6 or elsewhere in this Agreement:

(a) In no event shall the Controlling Members be required to provide indemnification pursuant to Section 6.2(a)(i) unless and until the Seller Indemnified Parties shall have incurred aggregate Losses in excess of $100,000 (the "Basket") resulting from otherwise indemnifiable matters set forth in Section 6.2(a)(i), after which the Controlling Members shall be required to provide indemnification for Losses from the first dollar.

(b) In no event shall Buyer be required to provide indemnification pursuant to Section 6.3(a)(i) unless and until the Buyer Indemnified Parties shall have incurred aggregate Losses in excess of the Basket resulting from otherwise indemnifiable matters set forth in Section 6.3(a)(i), after which Buyer shall be required to provide indemnification for Losses from the first dollar.

(c) The aggregate amount of all Losses for which the Controlling Members shall be liable pursuant to Section 6.2(a)(i) shall not exceed $800,000. The aggregate amount of all Losses for which Buyer shall be liable pursuant to Section 6.3(a)(i) shall not exceed $800,000. The limitations set forth in this Section 6.7(c) shall not apply to Losses based upon, arising out of, or by reason of Section 6.2(a)(ii)-(v), Section 6.3(a)(ii), any inaccuracy in or breach of any Fundamental Representation or Fraud, which shall not exceed the Purchase Price.

6.8 Materiality Scrape. All materiality qualifications contained in the representations, warranties and covenants of the Company, Sellers and Buyer set forth in this Agreement (however phrased) shall be ignored and not given any effect under this Section 6 for purposes of determining the amount of Losses arising out of or relating to a breach of such representation and warranty or covenant and agreement for purposes of this Section 6.

6.9 Exclusive Remedy. Except for claims based on Fraud in connection with the Transactions and the other Transaction Documents, the indemnification rights of each Indemnified Party under this Section 6 are the Parties' sole and exclusive remedies with respect to any misrepresentation, breach of warranty or failure to fulfill any agreement or covenant hereunder, except for a Party's rights to seek specific performance, injunctive relief or other equitable relief.

Section 7. Tax Matters. The following provisions shall govern the allocation of responsibility as between Buyer and Seller for certain tax matters following the Closing Date:

7.1 Tax Indemnification. The Controlling Members shall, jointly and severally, defend, reimburse, indemnify and hold harmless each Seller Indemnified Party against and in respect of any and all Losses incurred or sustained by, or imposed upon, any Seller Indemnified Party based upon, arising out of or by reason of (i) all Taxes (or the non-payment thereof) of Target for all taxable periods ending on or before the Closing Date and the portion through the end of the Closing Date for any taxable period that includes (but does not end on) the Closing ("Pre-Closing Tax Period"), (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which Target (or any predecessor of any of the foregoing) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation Section 1.1502-6 or any analogous or similar state, local, or non-U.S. law or regulation, and (iii) any and all Taxes of any person (other than Target) imposed on Target as a transferee or successor, by contract or pursuant to any law, rule, or regulation, which Taxes relate to an event or transaction occurring before the Closing, except, in all the foregoing clauses (i) – (iii), to the extent such Taxes were included in Closing Working Capital, Indebtedness or Transaction Expenses (each as finally determined).

7.2 Straddle Period. In the case of any taxable period that includes (but does not end on) the Closing Date (a "Straddle Period"), the amount of any Taxes based on or measured by income, receipts, or payroll of Target for the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date (and for such purpose, the taxable period of any partnership or other pass-through entity in which Target holds a beneficial interest shall be deemed to terminate at such time) and the amount of other Taxes of Target for a Straddle Period that relates to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in such Straddle Period.

7.3 Responsibility for Filing Tax Returns.

(a) Sellers shall prepare or cause to be prepared and timely file or cause to be timely filed all income Tax Returns for Target that are filed after the Closing Date for a Tax period that ends on or before the Closing Date (including, for the avoidance of doubt, the final IRS Form 1065 and analogous state and local Tax Returns). Sellers shall provide a draft of each such Tax Return (together with schedules, statements and, to the extent reasonably requested by Buyer, supporting documentation) to Buyer for Buyer's review and comment at least thirty (30) days prior to the due date, including extensions, for the filing of such Tax Return, except that if such due date is less than ninety (90) days following the Closing Date, Sellers shall deliver such draft to Buyer as soon as reasonably practicable. Each such Tax Return shall be prepared in a manner consistent with past practice of Target, including its historic method of accounting and the timing of items of income or deduction, except as otherwise required by this Agreement or by applicable Law. Buyer shall notify Sellers in writing of any objection to any items in any such draft Tax Return within fifteen (15) days after receipt by Buyer of such draft Tax Return. Any such objection(s) shall be resolved in good faith and in a manner mutually agreeable to Buyer and Sellers. Buyer shall make available appropriate personnel and records to assist Sellers in preparing such Tax Returns. Buyer shall cause an officer of Target to sign these returns.

(b) Buyer shall prepare or cause to be prepared and timely file or cause to be timely filed all Tax Returns for Target that are filed after the Closing Date for a Tax period that ends on or before the Closing Date or any Straddle Period (other than Tax Returns described in Section 7.3(a)). To the extent any such Tax Return may serve as the basis for a claim by Buyer or its Affiliates for reimbursement or indemnification hereunder (or reports Taxes that Seller is directly liable for under applicable Law), Buyer shall provide a draft of each such Tax Return (together with schedules, statements and, to the extent reasonably requested by Seller, supporting documentation) to Sellers for Sellers' review and comment at least thirty (30) days prior to the due date, including extensions, for the filing of such Tax Return, except that if such due date is less than ninety (90) days following the Closing Date, Buyer shall deliver such draft to Sellers as soon as reasonably practicable. Sellers shall notify Buyer in writing of any objection to any items in any such draft Tax Return within fifteen (15) days after receipt by Sellers of such draft Tax Return. Any such objection(s) shall be resolved in good faith and in a manner mutually agreeable to Sellers and Buyer.

7.4 Cooperation on Tax Matters.

(a) Each Party shall promptly advise the other Party of the commencement of any Tax audit or proceeding that could involve the Target's or the Sellers' Tax liability for any period (or portion thereof) ending on or before the Closing Date. Sellers shall have the right (but not the obligation) to represent the Target's interests in any such Tax audit or other Tax proceeding and to employ counsel of its choice, but reasonably satisfactory to Buyer, at Sellers' expense, to the extent the audit or other proceeding pertains to Tax periods (or a portion thereof) ending on or before the Closing Date. In such event, Sellers shall consult with and keep Buyer informed regarding the status of such Tax audit or other proceeding.

(b) Buyer, Target, and Sellers shall cooperate to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns pursuant to this Section 7 and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyer and Sellers agree (A) to retain all books and records with respect to Tax matters pertinent to Target relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Buyer or Seller, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (B) to give the other Party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other Party so requests, Target or Sellers, as the case may be, shall allow the other Party to take possession of such books and records.

(c) Buyer and Sellers further agree, upon request, to use their commercially reasonable best efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the Transactions).

(d) Buyer and Sellers further agree, upon request, to use commercially reasonable efforts to provide the other Party with all information that either Party may be required to report pursuant to Code Section 6043, or Code Section 6043A, or Treasury Regulations promulgated thereunder.

7.5 Tax-Sharing Agreements. All tax-sharing agreements or similar agreements with respect to or involving Target shall be terminated as of the Closing Date and, after the Closing Date, Target shall not be bound thereby or have any liability thereunder.

7.6 Certain Taxes and Fees. All transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the Transactions shall be paid one-half by Sellers and one-half by Buyer when due, and Buyer will, at their own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes, fees and charges, and, if required by applicable law, Sellers will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation.

7.7 Tax Refunds. Buyer will cause to be promptly paid to Sellers the amount of any refund of Taxes of Target for any Pre-Closing Tax Period (or portion thereof) received by Buyer, Target or any Affiliate of Target, but only to the extent such refund was not attributable to a carryback from, or event occurring during, a period ending after the Closing Date.

7.8 Certain Post-Closing Actions. Without the prior consent of the Seller Representative (not to be unreasonably withheld, conditioned or delayed), Buyer shall not enter into any voluntary disclosure agreement or take any other action outside the Ordinary Course of Business with respect to the matters described in Section 4.10 of the Disclosure Schedules if such action would reasonably be expected to cause any of the Sellers to be liable for additional Taxes (or Losses with respect thereto) under this Agreement or directly pursuant to applicable Law.

Section 8. Conditions Precedent to Closing.

8.1 Conditions Precedent to the Obligations of Buyer. The obligations of Buyer to consummate the Transactions are also subject to the satisfaction at or prior to the Closing Date of each of the following conditions, unless waived by Buyer in writing:

(a) Each representation and warranty of Sellers and Target contained in this Agreement shall, if specifically qualified by materiality or Material Adverse Effect, be true and correct in all respects and, if not so qualified, be true and correct in all material respects, in each case as of the date of this Agreement and on and as of the Closing Date, as though made on and as of such date (other than those representations and warranties made as of a specific date, which shall be true and correct or true and correct in all material respects, as the case may be, as of such date).

(b) Sellers shall have performed in all material respects all of their respective obligations and agreements, and complied in all material respects with all covenants and conditions, contained in this Agreement to be performed or complied with by it prior to or on the Closing Date; provided, that, with respect to obligations and agreements that are qualified by materiality, Sellers shall have performed such obligations and agreements, as so qualified, in all respects.

(c) Target shall have delivered to Buyer (i) a certificate, dated as of the Closing Date, signed by a duly authorized officer of Target, certifying as to the fulfillment of the conditions specified in Sections 8.1(a) and (b), (ii) a certificate of the secretary of Target, dated as of the Closing Date, certifying as to (A) the good standing of Target (with good standing certificates attached), (B) due authorization of this Agreement and the Transactions by Target (with resolutions attached), (C) true and correct attached copies of the organizational documents of Target, and (D) the names and signatures of all officers of Target having authority to execute and deliver the Transaction Documents to which Target is a Party.

(d) There shall not have been any material statute, rule, regulation, order, judgment or decree proposed, enacted, promulgated, entered, issued, enforced or deemed applicable by any foreign or United States federal, state or local Governmental Authority, and there shall be no action, suit or proceeding pending or threatened, which: (i) makes or may make any Transaction Document or any of the Transactions illegal, or imposes or may impose material damages or penalties in connection therewith; or (ii) otherwise prohibits or unreasonably delays, or may prohibit or unreasonably delay the Transactions.

(e) Sellers shall have delivered to Buyer all of the items required to be delivered in accordance with this Agreement, including duly executed counterparts to all documents and deliveries set forth therein.

(f) Since the Effective Date, nothing shall have occurred, and Buyer shall not have become aware of any circumstance, change or event having occurred prior to such date, which individually or in the aggregate, has had or could reasonably be expected to have, a Material Adverse Effect on the Transactions.

(g) Buyer shall have completed its due diligence of the results of the audit of Target's 2020 annual financial statements, and the results of the audit shall be satisfactory to Buyer in Buyer's sole discretion.

(h) Target shall have repaid or otherwise secured release of those certain tax liens identified on Exhibit F attached hereto (the "State Tax Liens"), and the documentation of such repayment or release shall be reasonably satisfactory to Buyer.

(i) All approvals and consents by any Governmental Authority required in connection with the consummation of the Transactions shall have been obtained and shall be in full force and effect; all filings with any Governmental Authority, as are required in connection with the consummation of such Transactions, shall have been made; and all waiting periods, if any, applicable to the consummation of such Transactions imposed by any Governmental Authority shall have expired.

(j) Sellers shall have obtained the Third-Party Consents.

(k) Sellers shall have delivered to Buyer such other documents or instruments as Buyer reasonably requests and are reasonably necessary to consummate the Transactions.

8.2 Conditions Precedent to the Obligations of Sellers. The obligations of Sellers to consummate the Transactions are also subject to the satisfaction at or prior to the Closing Date of each of the following conditions, unless waived by the Seller Representative in writing:

(a) Each representation and warranty of Buyer contained in this Agreement shall, if specifically qualified by materiality or Material Adverse Effect, be true and correct in all respects and, if not so qualified, be true and correct in all material respects, in each case as of the date of this Agreement and on and as of the Closing Date, as though made on and as of such date (other than those representations and warranties made as of a specific date, which shall be true and correct or true and correct in all material respects, as the case may be, as of such date).

(b) Buyer shall have performed in all material respects all of its obligations and agreements, and complied in all material respects with all covenants and conditions, contained in this Agreement shall to be performed or complied with by it prior to or on the Closing Date; provided, that, with respect to obligations and agreements that are qualified by materiality, Buyer shall have performed such obligations and agreements, as so qualified, in all respects.

(c) Buyer shall have delivered to Seller a certificate, dated the Closing Date, signed by a duly authorized officer of Buyer certifying as to (i) the fulfillment of the conditions specified in Sections 8.2(a) and (b), and (ii) the incumbency of each Person having authority to execute and deliver this Agreement and the Transaction Documents to which Buyer is party.

(d) There shall not have been any material statute, rule, regulation, order, judgment or decree proposed, enacted, promulgated, entered, issued, enforced or deemed applicable by any foreign or United States federal, state or local Governmental Authority, and there shall be no action, suit or proceeding pending or threatened, which: (i) makes or may make any Transaction Document or any of the Transactions illegal, or imposes or may impose material damages or penalties in connection therewith; or (ii) otherwise prohibits or unreasonably delays, or may prohibit or unreasonably delay the Transactions.

(e) Since the date hereof, nothing shall have occurred, and Sellers shall not have become aware of any circumstance, change or event having occurred prior to such date, which individually or in the aggregate, has had or could reasonably be expected to have, a Material Adverse Effect on the consummation of the Transactions.

(f) Since the date hereof, there shall not have been any Material Adverse Effect on Buyer, or any event, change, or effect that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Buyer.

(g) Buyer shall have delivered to Sellers such other documents or instruments as Sellers reasonably request and are reasonably necessary to consummate the Transactions.

Section 9. Termination.

9.1 This Agreement may be terminated at any time prior to the Closing Date:

(a) By the written agreement of Buyer and the Seller Representative (on behalf of himself, the Company and the Sellers);

(b) By either Buyer or the Seller Representative (on behalf of himself, the Company and the Sellers), if the Closing shall not have occurred on or before March 28, 2022 (or such other date to which Buyer and the Seller Representative may agree in writing) (the "End Date"); provided, however, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to any Party that has failed to perform or comply with any of the covenants, agreements, or conditions hereof to be performed or complied with by it (or the Company or the Sellers, for the Seller Representative) prior to the Closing if such failure to perform or comply is curable;

(c) By Buyer, if Buyer is not then in material breach of any provision of this Agreement, upon a material breach of any representation or warranty of the Company or the Sellers set forth in this Agreement, or upon a material breach of any covenant or agreement of the Sellers or the Company set forth in this Agreement; provided, however, that if such breach is curable by the Company or the Sellers prior to the End Date through the exercise of commercially reasonable efforts, then Buyer may not terminate this Agreement under this Section 9.1(c) prior to the End Date so long as the Company or the Sellers, as the case may be, continue to exercise commercially reasonable efforts to cure the breach (and then only if such breach has not been cured);

(d) By the Seller Representative (on behalf of itself and the Company and the Sellers), if the Company and the Sellers are not then in material breach of any provision of this Agreement, upon a material breach of any representation, warranty, covenant or agreement of Buyer set forth in this Agreement; provided, however, that if such breach is curable by Buyer prior to the End Date through the exercise of commercially reasonable efforts, then the Seller Representative may not terminate this Agreement under this Section 9.1(d) prior to the End Date so long as Buyer continues to exercise commercially reasonable efforts to cure the breach (and then only if such breach has not been cured); or

(e) By Buyer or the Seller Representative, by written notice to the other, in the event that:

(i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited; or

(ii) any Governmental Authority shall have issued an Order restraining or enjoining the transactions contemplated by this Agreement and such Order shall have become final and non-appealable.

9.2 Effect of Termination. In the event of the termination of this Agreement pursuant to the provisions of Section 9.1, this Agreement shall become void and have no effect, without any liability to any party, any Affiliates of such party or any of the officers, directors, shareholders, partners, members, managers, trustees, employees, agents, advisors, representatives of such party or its Affiliates in respect of this Agreement or the transactions contemplated hereby, except that:

(a) any such termination shall not affect the parties' respective rights and obligations under Section 5.3, Section 5.12, Section 9 and Section 10; and

(b) that nothing herein shall relieve any party hereto from liability for any intentional breach of any provision hereof.

Section 10. Miscellaneous.

10.1 Expenses. Each Party shall pay all of its own fees, costs and expenses (including fees, costs and expenses of legal counsel and other representatives) in connection with the negotiation of this Agreement, the performance of its obligations hereunder and the consummation of the Transactions.

10.2 Notices.

(a) All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally (by courier service or otherwise), or mailed (certified or registered mail with postage prepaid and return receipt requested, or overnight delivery service), or sent by electronic transmission, as follows:

Notice to Buyer:	Cinedigm Corp. Attn.: General Counsel 2355 Westwood Blvd #779 Los Angeles, CA 90064 E-mail: gloffredo@cinedigm.com
With a Copy to:	Kelley Drye & Warren LLP Attn: Jonathan Cooperman, Esq. and Carol Sherman, Esq. 3 World Trade Center 175 Greenwich Street New York, NY 10007 E-mail: jcooperman@kelleydrye.com; csherman@kelleydrye.com
Notice to Sellers:	David Chu, the Seller Representative Asian Media Rights, LLC, d/b/a Digital Media Rights 264 W. 40th Street 15th Floor New York, NY 10018 E-mail: davidchu@digitalmediarights.com
With a Copy to:	Jasso Lopez PLLC Attn: Erik Lopez 950 E. State Hwy 114 Suite 160 Southlake, TX 76092 E-mail: erik@jassolopez.com

(b) Any such notice shall be deemed to have been given: (i) upon actual delivery, if delivered by hand; (ii) on the following Business Day, if delivered by same-day or overnight courier service; (iii) on the third (3rd) Business Day following the mailing of such notice by certified or registered mail; and (iv) upon sending such notice, if sent via electronic transmission with receipt confirmation.

10.3 Entire Agreement. This Agreement (including the Disclosure Schedules and Exhibits) constitutes the entire agreement among the Parties with regard to the subject matter hereof, and supersedes all prior agreements and understandings, oral and written, among the Parties with respect to the subject matter hereof. In the event of any inconsistency between the statements in the body of this Agreement and those in the Disclosure Schedules and/or Exhibits hereto (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in this Agreement shall control and govern.

10.4 Assignment; Binding Effect; Benefit. Neither this Agreement nor any of the rights, benefits, or obligations hereunder may be assigned by either Party (whether by operation of Law or otherwise) to a third party without the prior written consent of the other Parties, which consent shall not be unreasonably withheld, delayed, or conditioned; provided, that Buyer may assign or transfer this Agreement (and its rights and obligations under this Agreement), in whole or in part, without the consent of Seller to one or more of its Affiliates. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by a Party and their respective successors and permitted assigns. Nothing herein, express or implied, is intended to or shall confer upon any other Person (except for the Seller Indemnified Parties and the Buyer Indemnified Parties) any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

10.5 Amendment. This Agreement may not be amended except by an instrument in writing signed by or on behalf of each Party hereto.

10.6 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.7 Counterparts; Electronic Signatures. This Agreement may be executed in multiple counterparts, all of which taken together will be deemed one original. A counterpart of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

10.8 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement, the Transactions, all relationships among the Parties hereunder and all disputes and proceedings (in contract, tort or otherwise) arising out of or relating to any of the foregoing shall be governed by, and construed in accordance with, and enforced in accordance with, the Laws of the State of New York, without giving effect to any choice or conflict of law provision (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS MAY BE INSTITUTED IN THE UNITED STATES DISTRICT COURTS OF NEW YORK OR THE COURTS OF THE STATE OF NEW YORK LOCATED IN THE COUNTY OF NEW YORK, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS (AND ALL APPROPRIATE APPELLATE COURTS THEREFROM) IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH IN SECTION 10.2 SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (ii) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.8.

10.9 Joint Participation in Drafting this Agreement. The Parties acknowledge and confirm that each of their respective attorneys has participated jointly in the drafting, review and revision of this Agreement and that it has not been written solely by counsel for any Party and that each Party has had the benefit of its independent legal counsel's advice with respect to the terms and provisions hereof and its rights and obligations hereunder. Each Party hereto, therefore, stipulates and agrees that the rule of construction to the effect that any ambiguities are to be or may be resolved against the drafting Party shall not be employed in the interpretation of this Agreement to favor any Party against another and that no Party shall have the benefit of any legal presumption or the detriment of any burden of proof by reason of any ambiguity or uncertain meaning contained in this Agreement.

10.10 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the validity or enforceability of the other provisions of this Agreement as a whole will not be affected; and, in such event, such provision will be changed and interpreted so as best to accomplish the objectives of such provision within the limits of applicable Law or applicable court decision.

10.11 Specific Performance. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

10.12 Delays and Omissions; Waiver. No delay, failure or waiver by any Party to exercise any right or remedy under this Agreement, and no partial or single exercise of any such right or remedy, will operate to limit, preclude, cancel, waive or otherwise affect such right or remedy, nor will any single or partial exercise of such right or remedy limit, preclude, impair or waive any further exercise of such right or remedy or the exercise of any other right or remedy.

10.13 Representation by Counsel. Each Party represents and warrants to the other Parties that it has consulted with, and has been represented by, the attorney(s) of its choosing with reference to this Agreement and the Transactions.

10.14 Disclosure Schedules. Notwithstanding anything to the contrary contained in this Agreement, any information disclosed in one section of the Disclosure Schedules shall be deemed to be disclosed in such other section(s) of the Disclosure Schedules to the extent that the disclosure is reasonably apparent from its face to be applicable to such other section(s) of the Disclosure Schedules. Any disclosures in the Disclosure Schedules that refer to a document are qualified in their entirety by reference to the text of such document, including all amendments, exhibits, schedules and other attachments thereto. Updates to all other Disclosure Schedules may be made only upon mutual agreement of the Parties. Any such update(s) as aforesaid shall be deemed incorporated into the Disclosure Schedules.

10.15 Seller Representative.

(a) By the execution and delivery of this Agreement, each Seller hereby irrevocably constitutes and appoints David Chu as the Seller Representative, and in such capacity, to be the true and lawful agent and attorney-in-fact of such Seller with full powers of substitution to act in the name, place and stead of thereof with respect to the performance on behalf of such Seller under the terms and provisions of this Agreement and the Transaction Documents, as the same may be from time to time amended, and to do or refrain from doing all such further acts and things, and to execute all such documents on behalf of such Seller, if any, as the Seller Representative will deem necessary or appropriate in connection with any of the transactions contemplated under this Agreement or any of the Transaction Documents, including: (i) agree upon or compromise any matter related to the calculation of any adjustments to the Purchase Price under this Agreement; (ii) direct the distribution of the Purchase Price; (iii) act for Sellers with respect to all indemnification matters referred to in this Agreement, including the right to compromise on behalf of Sellers any indemnification claim made by or against Sellers, if any; (iv) act for Sellers with respect to all post-Closing matters; (v) terminate, amend or waive any provision of this Agreement; (vi) employ and obtain the advice of legal counsel, accountants and other professional advisors as the Seller Representative, in the Seller Representative's sole discretion, deems necessary or advisable in the performance of his duties as the Seller Representative and to rely on their advice and counsel; (vii) incur and pay expenses, including fees of brokers, attorneys and accountants incurred pursuant to the transactions contemplated hereby, and any other fees and expenses allocable or in any way relating to such transaction or any indemnification claim, whether incurred prior or subsequent to Closing; (viii) receive all or any portion of the Purchase Price and to distribute the same; (ix) distribute the Seller Representative Reserve; (x) sign any releases or other documents with respect to any dispute or remedy arising under this Agreement or the Transaction Documents; and (xi) do or refrain from doing any further act or deed on behalf of Sellers which the Seller Representative deems necessary or appropriate, in his sole discretion after consultation with Michael Hong, relating to the subject matter of this Agreement as fully and completely as any Seller could do if personally present and acting. The Seller Representative hereby accepts his appointment and authorization as the Seller Representative under this Agreement.

(b) The appointment of the Seller Representative will be deemed coupled with an interest and will be irrevocable, and any other Person, including Buyer and the Company may conclusively and absolutely rely, without inquiry, upon any actions of the Seller Representative as the acts of Sellers hereunder or any Transaction Document to which they are a party. The Seller Representative will act for Sellers on all of the matters set forth in this Agreement in the manner the Seller Representative believes to be in the best interest of Sellers, but the Seller Representative will not be responsible to Sellers for any loss or damage that any Seller may suffer by reason of the performance by the Seller Representative of such Seller Representative's duties under this Agreement, other than loss or damage arising from fraud, gross negligence or willful misconduct in the performance of the Seller Representative's duties under this Agreement. Sellers do hereby jointly and severally agree to indemnify and hold the Seller Representative harmless from and against any and all Losses reasonably incurred or suffered as a result of the performance of the Seller Representative's duties under this Agreement. The Seller Representative will not be entitled to any fee, commission or other compensation for the performance of his services hereunder, but will be entitled to the payment from Sellers on a pro rata basis of all expenses incurred as the Seller Representative, which payment may be recovered by the Seller Representative from the Seller Representative Reserve.

(c) If the Seller Representative shall die, become disabled, resign or otherwise be unable to fulfill his responsibilities as agent of Sellers, then Sellers shall, within ten (10) days after such death or disability, appoint a successor agent and, promptly thereafter (but in any event within two (2) Business Days after such appointment), shall notify Buyer in writing of the identity of such successor; provided, that if for any reason no successor has been appointed within such ten (10) day period, then any Seller will have the right to petition a court of competent jurisdiction for appointment of a successor to the Seller Representative. Any such successor shall be appointed by the written consent of Sellers, and any successor so appointed shall become the "Seller Representative" for purposes of this Agreement.

(d) All notices or other communications required to be made or delivered by Buyer to Sellers shall be made to the Seller Representative for the benefit of Sellers. All notices or other communications required to be made or delivered by Sellers shall be made by the Seller Representative.

10.16 Pre-Closing Communications and Privileges. From and after the Closing, (a) Sellers shall be the sole and exclusive holder of the attorney-client privilege and all other privileges with respect to the engagement of Jasso Lopez PLLC ("Seller Counsel") by the Company (and/or its Affiliates) and any services rendered by Seller Counsel as part of that engagement, and none of Buyer, the Company or any of their subsidiaries or Affiliates shall be a holder of any such privilege; (b) the ownership of, title to, and all rights associated with any and all communications (including any attachments, draft documents or enclosures) made or sent between or among (i) Sellers, the Company and/or any of their Affiliates, and (ii) Seller Counsel, that concern, refer, discuss or relate to (A) this Agreement, (B) the transactions contemplated by this Agreement, or (C) any negotiations regarding or relating to this Agreement, shall solely and exclusively belong to Sellers (and none of Buyer, the Company or their respective Affiliates); (c) the ownership of, title to, and all rights associated with any and all pre-Closing communications (including any attachments, draft documents or enclosures) made or sent between or among employees of the Company (and/or its Affiliates), contractors of the Company (and/or its Affiliates), and/or Sellers that concern, refer, discuss, or relate to the Company (or its Affiliates) will belong exclusively to Sellers, except to the extent necessary to the post-Closing operations of the Company; and (d) Seller Counsel shall have no duty whatsoever to reveal or disclose any attorney-client communications with Sellers, the Company, and/or any of their Affiliates to Buyer, the Company, or any of their Affiliates, whether by reason of any attorney-client relationship between Seller Counsel and the Company or any of its Affiliates or otherwise. This Section 10.16 is irrevocable, and no term of this section may be amended, waived, or modified without the prior written consent of Sellers.

[Signatures Appear on the Following Page]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

BUYER:

CINEDIGM CORP.

By: /s/ Gary S. Loffredo
Name: Gary S. Loffredo
Title: Chief Operating Officer, General Counsel and Secretary

SELLERS:

/s/ David Chu
David Chu

/s/ Augustine Hong
Augustine Hong

/s/ Helen Hong
Helen Hong

/s/ Michael Hong
Michael Hong

/s/ Justin Lee
Justin Lee

/s/ Steven Park
Steven Park

/s/ Kingsoon Ong
Kingsoon Ong

SELLER REPRESENTATIVE:

/s/ David Chu
David Chu, as Seller Representative

Annex A
Pro Rata Percentages

Annex B
Non-Accredited Investors

Exhibit A
Example Calculation of Closing Working Capital

Exhibit B
Agreements for Acquisition of Assets of Digital Orchard, LLC and Trinity Releasing, LLC

Exhibit C
Form of Employment Agreement

Exhibit D
Form of Employment Offer Letter

Exhibit E
Form of Consulting Agreement

Exhibit F
Tax Liens

Exhibit G
Outstanding Payables

Exhibit 21.1

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.
24. Matchpoint Digital, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Cinedigm Entertainment Corp.
25. TFD Acquisition LLC, a Delaware limited liability company and a wholly-owned subsidiary of Cinedigm OTT Holdings, LLC.
26. Fandor Acquisition LLC, a Delaware limited liability company and a wholly-owned subsidiary of Cinedigm OTT Holdings, LLC.
27. Screambox Acquisition LLC, a Delaware limited liability company and a wholly-owned subsidiary of Cinedigm OTT Holdings, LLC.
28. FoundationTV, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company.
29. Asian Media Rights, LLC, a New York limited liability company and wholly-owned subsidiary of the Company.
30. Cinedigm India Private Limited, an Indian corporation, owned 99.99% by Cinedigm Corp. and .01% by FoundationTV, Inc.
31. Bloody Disgusting Acquisition LLC, a Delaware limited liability company and a wholly-owned subsidiary of Cinedigm OTT Holdings, LLC.

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 S-1 (Nos. 333-260210 and 333-214486), Form S-3 (Nos. 333-239710 and 333-222190) and Form S-8 (Nos. 333-189898 and 333-248206) of our report dated July 1, 2022, on our audits of the consolidated financial statements as of March 31, 2022 and 2021 and for each of the years then ended, which report is included in this Annual Report on Form 10-K to be filed on or about July 1, 2022.

/s/ EisnerAmper LLP

EISNERAMPER LLP
Iselin, New Jersey
July 1, 2022

EXHIBIT 31.1

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 1, 2022

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

EXHIBIT 31.2

CERTIFICATION

I, John K. Canning, 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 1, 2022

By: /s/ John K. Canning
John K. Canning
Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32.1

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, 2022 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 1, 2022

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

EXHIBIT 32.2

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, 2022 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 1, 2022

By: /s/ John K. Canning
John K. Canning
Chief Financial Officer (Principal Financial Officer)