Cinedigm Corp.
Form 10-Q
November 16, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)
x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal period ended: September 30, 2017

o TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from --- to ---

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.) |
| 45 West 36th Street, 7th Floor, 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 | Name of each exchange on which registered |
|---|---|
| CLASS A COMMON STOCK, PAR VALUE $0.001 PER SHARE | NASDAQ GLOBAL MARKET |

Securities registered pursuant to Section 12(g) of the Act: NONE

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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes x No o

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

| | | | | |
|---|---|---|---|---|
| Large accelerated filer o | Accelerated filer o | Non-accelerated filer o | Smaller reporting company x | Emerging Growth Company o |
| | | (Do not check if a smaller reporting company) | | |

| | |
|---|---|
| Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). | Yes o No x |

o 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.

As of November 13, 2017, 35,279,726 shares of Class A Common Stock, $0.001 par value were outstanding, which number includes 577,231 shares subject to our forward purchase transaction.

CINEDIGM CORP.
TABLE OF CONTENTS

| | | Page |
|---|---|---|
| PART I -- | FINANCIAL INFORMATION | |
| Item 1. | Financial Statements (Unaudited) | 3 |
| | Condensed Consolidated Balance Sheets at September 30, 2017 (Unaudited) and March 31, 2017 | 3 |
| | Unaudited Condensed Consolidated Statements of Operations for the Three and Six Months ended September 30, 2017 and 2016 | 4 |
| | Unaudited Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months ended September 30, 2017 and 2016 | 5 |
| | Unaudited Condensed Consolidated Statements of Cash Flows for the Six Months ended September 30, 2017 and 2016 | 6 |
| | Notes to Unaudited Condensed Consolidated Financial Statements | 7 |
| Item 2. | Management's Discussion and Analysis of Financial Condition and Results of Operations | 25 |
| Item 4. | Controls and Procedures | 39 |
| PART II -- | OTHER INFORMATION | 40 |
| Item 1. | Legal Proceedings | 40 |
| Item 2. | Unregistered Sales of Equity Securities and Use of Proceeds | 40 |
| Item 3. | Defaults Upon Senior Securities | 40 |
| Item 4. | Mine Safety Disclosures | 40 |
| Item 5. | Other Information | 40 |
| Item 6. | Exhibits | 40 |
| Exhibit Index | | 41 |
| Signatures | | 42 |

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)
CINEDIGM CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except for share and per share data)

| | September 30, 2017 | March 31, 2017 |
|---|---|---|
| ASSETS | (Unaudited) | |
| Current assets | | |
| Cash and cash equivalents | $ 9,661 | $ 12,566 |
| Accounts receivable, net | 26,280 | 53,608 |
| Inventory | 811 | 1,137 |
| Unbilled revenue | 4,668 | 5,655 |
| Prepaid and other current assets | 12,557 | 13,484 |
| Total current assets | 53,977 | 86,450 |
| Restricted cash | 1,000 | 1,000 |
| Property and equipment, net | 25,541 | 33,138 |
| Intangible assets, net | 17,439 | 20,227 |
| Goodwill | 8,701 | 8,701 |
| Debt issuance costs | 546 | 260 |
| Other assets | 1,447 | 1,558 |
| Total assets | $ 108,651 | $ 151,334 |
| LIABILITIES AND DEFICIT | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | $ 61,306 | $ 73,679 |
| Current portion of notes payable | 58,746 | 19,599 |
| Current portion of notes payable, non-recourse (see Note 5) | 3,813 | 6,056 |
| Current portion of capital leases | 8 | 66 |
| Current portion of deferred revenue | 2,059 | 2,461 |
| Total current liabilities | 125,932 | 101,861 |
| Notes payable, non-recourse, net of current portion and unamortized debt issuance costs and debt discounts of $2,430 and $2,701 respectively (see Note 5) | 42,519 | 55,048 |
| Notes payable, net of current portion and unamortized debt issuance costs and debt discounts of $4,165 and $5,340 respectively (see Note 5) | 11,670 | 59,396 |
| Deferred revenue, net of current portion | 4,583 | 5,324 |
| Other long-term liabilities | 357 | 408 |
| Total liabilities | 185,061 | 222,037 |
| Stockholders' deficit | | |
| Preferred stock, 15,000,000 shares authorized; Series A 10% - $0.001 par value per share; 20 shares authorized; 7 shares issued and outstanding at September 30, 2017 and March 31, 2017, respectively. Liquidation preference of $3,648 | 3,559 | 3,559 |
| Common stock, $0.001 par value; Class A and Class B stock; Class A stock 25,000,000 shares authorized at September 30, 2017 and March 31, 2017 respectively; 13,745,471 and 11,841,983 shares issued and 13,745,471 and 11,841,983 shares outstanding at September 30, 2017 and March 31, 2017, respectively; $0 and 1,241,000 Class B stock authorized and issued and zero shares outstanding at September 30, 2017 and March 31, 2017, respectively | 14 | 12 |
| Additional paid-in capital | 294,494 | 287,393 |
| Accumulated deficit | (373,193) | (360,415) |
| Accumulated other comprehensive loss | (53) | (38) |

| | | |
|---|---|---|
| Total stockholders’ deficit of Cinedigm Corp. | (75,179 ) | (69,489 ) |
| Deficit attributable to noncontrolling interest | (1,231 ) | (1,214 ) |
| Total deficit | (76,410 ) | (70,703 ) |
| Total liabilities and deficit | $ 108,651 | $ 151,334 |

See accompanying Notes to Condensed Consolidated Financial Statements

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

| | Three Months Ended September 30, | | Six Months Ended September 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Revenues | $16,278 | $23,880 | $31,518 | $46,355 |
| Costs and expenses: | | | | |
| Direct operating (excludes depreciation and amortization shown below) | 4,041 | 4,902 | 8,107 | 10,590 |
| Selling, general and administrative | 6,247 | 5,239 | 12,565 | 11,674 |
| Provision for doubtful accounts | 949 | — | 949 | — |
| Restructuring expenses, net | — | 20 | — | 110 |
| Depreciation and amortization of property and equipment | 3,645 | 7,763 | 8,002 | 16,287 |
| Amortization of intangible assets | 1,395 | 1,464 | 2,790 | 2,927 |
| Total operating expenses | 16,277 | 19,388 | 32,413 | 41,588 |
| Income (loss) from operations | 1 | 4,492 | (895) | 4,767 |
| Interest expense, net | (3,975) | (5,111) | (8,016) | (10,046) |
| Debt conversion expense and loss on extinguishment of notes payable | (3,205) | — | (3,205) | — |
| Other (expense) income, net | (133) | 141 | (202) | 266 |
| Change in fair value of interest rate derivatives | 43 | 38 | 83 | 65 |
| Loss from operations before income taxes | (7,269) | (440) | (12,235) | (4,948) |
| Income tax expense | (196) | (43) | (382) | (110) |
| Net loss | (7,465) | (483) | (12,617) | (5,058) |
| Net loss attributable to noncontrolling interest | 11 | 15 | 17 | 36 |
| Net loss attributable to controlling interests | (7,454) | (468) | (12,600) | (5,022) |
| Preferred stock dividends | (89) | (89) | (178) | (178) |
| Net loss attributable to common stockholders | $(7,543) | $(557) | $(12,778) | $(5,200) |
| Net loss per Class A and Class B common stock attributable to common stockholders - basic and diluted: | | | | |
| Net loss attributable to common stockholders | $(0.60) | $(0.08) | $(1.07) | $(0.75) |
| Weighted average number of Class A and Class B common stock outstanding: basic and diluted | 12,650,909 | 7,235,435 | 11,958,601 | 6,931,114 |

See accompanying Notes to Condensed Consolidated Financial Statements

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

| | Three Months Ended September 30, | | Six Months Ended September 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Net loss | $(7,465) | $(483) | $(12,617) | $(5,058) |
| Other comprehensive income (loss): foreign exchange translation | (12) | (13) | (15) | 18 |
| Comprehensive loss | (7,477) | (496) | (12,632) | (5,040) |
| Less: comprehensive loss attributable to noncontrolling interest | 11 | 15 | 17 | 36 |
| Comprehensive loss attributable to controlling interests | $(7,466) | $(481) | $(12,615) | $(5,004) |

See accompanying Notes to Condensed Consolidated Financial Statements

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

| | Six Months Ended September 30, | |
|---|---|---|
| | 2017 | 2016 |
| Cash flows from operating activities: | | |
| Net loss | $(12,617) | $(5,058) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization of property and equipment and amortization of intangible assets | 10,792 | 19,214 |
| Loss on disposal of property and equipment | 64 | — |
| Amortization of debt issuance costs included in interest expense | 1,068 | 1,485 |
| Provision for doubtful accounts | 949 | — |
| Provision for inventory reserve | 717 | 294 |
| Stock-based compensation and expenses | 647 | 1,020 |
| Change in fair value of interest rate derivatives | 83 | (65) |
| Accretion and PIK interest expense added to note payable | 562 | 272 |
| Debt conversion expense and loss on extinguishment of notes payable | 3,205 | — |
| Changes in operating assets and liabilities; | | |
| Accounts receivable | 26,490 | 942 |
| Inventory | (391) | 93 |
| Unbilled revenue | 987 | (37) |
| Prepaid expenses and other assets | 720 | (806) |
| Accounts payable and accrued expenses | (11,673) | (2,101) |
| Deferred revenue | (1,143) | (1,401) |
| Net cash provided by operating activities | 20,460 | 13,852 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (345) | (242) |
| Purchases of intangible assets | — | (4) |
| Net cash used in investing activities | (345) | (246) |
| Cash flows from financing activities: | | |
| Payment of notes payable | (15,042) | (24,766) |
| Net repayments under revolving credit agreement | (7,624) | (5,028) |
| Proceeds from issuance of notes payable | — | 4,500 |
| Principal payments on capital leases | (58) | (165) |
| Payments of debt issuance costs | (296) | (1,486) |
| Change in restricted cash balances | — | 2,232 |
| Capital contributions from noncontrolling interest | — | 38 |
| Net cash used in financing activities | (23,020) | (24,675) |
| Net change in cash and cash equivalents | (2,905) | (11,069) |
| Cash and cash equivalents at beginning of period | 12,566 | 25,481 |
| Cash and cash equivalents at end of period | $9,661 | $14,412 |

See accompanying Notes to Condensed Consolidated Financial Statements

CINEDIGM CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. NATURE OF OPERATIONS AND LIQUIDITY

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

We report our financial results in four primary segments as follows: (1) the first digital cinema deployment (“Phase I Deployment”), (2) the second digital cinema deployment (“Phase II Deployment”), (3) digital cinema services (“Services”) and (4) media content and entertainment group (“Content & Entertainment” or "CEG"). The Phase I Deployment and Phase II Deployment segments are the non-recourse, financing vehicles and administrators for our digital cinema equipment (the “Systems”) installed in movie theatres throughout the United States, and in Australia and New Zealand. Our Services segment provides fee based support to over 12,000 movie screens in our Phase I Deployment and Phase II Deployment segments, as well as directly to exhibitors and other third party customers, in the form of monitoring, billing, collection and verification services. Our Content & Entertainment segment is focused on: (1) ancillary market aggregation and distribution of entertainment content and; (2) a branded and curated over-the-top ("OTT") digital network business, providing entertainment channels and applications.

We are structured so that our digital cinema business (collectively, the Phase I Deployment, Phase II Deployment and Services segments) operates independently from our Content & Entertainment segment.

Liquidity and Retirement of the Convertible Notes

We have incurred net losses historically and have an accumulated deficit of $373.2 million as of September 30, 2017. We may continue to generate net losses for the foreseeable future. In addition, we have significant debt related contractual obligations for the fiscal year ended March 31, 2018 and beyond.

We continue to expect cash flows from our Phase I and II deployment operations will be sufficient to satisfy our liquidity and
contractual requirements that are linked to these operations. As of September 30, 2017, we had approximately $48.8 million of outstanding debt principal that relates to, and is serviced by, our digital cinema business and is non-recourse to us. We also had approximately $74.6 million of outstanding debt principal that is a part of our Content & Entertainment and Corporate segments of which $46.8 million was retired subsequent to September 30, 2017. See Note 10 “Subsequent Events” for further discussion.

On November 1, 2017, in connection with the Stock Purchase Agreement with a strategic partner, (the "Stock Purchase Agreement") we sold 20,000,000 shares of our Class A Common Stock for an aggregate purchase price of $30.0 million, of which 19,666,667 shares were sold to the strategic partner, and 333,333 shares were sold to the CEO of the Company. In addition, we consummated exchange agreements with holders of Convertible Notes, representing approximately 99% of the principal amount of our outstanding 5.5% Convertible Notes due 2035, whereby $46.3 million principal amount of the Convertible Notes were exchanged for a combination of $17.1 million cash and 2,221,457 shares of Class A Common Stock. The Convertible Notes were immediately retired.

On November 7, 2017, we exchanged the remaining balance of $0.5 million of Convertible Notes with the holder in exchange for cash and the Convertible Notes were immediately retired.

As a result of the of the transactions described above, the strategic partner became a majority holder of the outstanding Class A Common Stock and is entitled to designate two (2) members of the Company’s Board of Directors, the size of which is set at seven (7) members. See Note 10 "Subsequent Events" for further discussion.

During the three months ended September 30, 2017, we exchanged $3.8 million  of Convertible Notes for 1,315,326 shares of Class A Common Stock and $1.5 million of Second Lien Loans under two exchange agreements.

We believe the combination of: (i) our cash and restricted cash balances at September 30, 2017, (ii) implemented and planned cost reduction initiatives, (iii) the availability of debt financing secured in 2017, (iv) the close of the transaction of the strategic partner discussed above, and (v) expected cash flows from operations will be sufficient to satisfy our liquidity and capital requirements for at least a year after these consolidated interim financial statements are issued. Our capital requirements will depend on many factors, and we may need to develop and formulate operating plans with our new strategic partner to use available capital resources and raise additional capital. Failure to generate additional revenues, raise 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

The accompanying Condensed Consolidated Financial Statements are unaudited and include the accounts of the Company, its wholly owned and majority owned subsidiaries, and reflect all normal and recurring adjustments necessary for the fair presentation of its consolidated financial position, results of operations and cash flows. All material inter-company accounts and transactions have been eliminated in consolidation.

Investments in which we do not have a controlling interest or are not the primary beneficiary but have the ability to exert significant influence are accounted for under the equity method of accounting. Noncontrolling interests for which we have been determined to be the primary beneficiary are consolidated and recorded as net loss attributable to noncontrolling interest. See Note 3 - Other Interests to the Condensed Consolidated Financial Statements for a discussion of our noncontrolling and majority interests.

### USE OF ESTIMATES

The preparation of these condensed 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 amounts reported in these Condensed Consolidated Financial Statements and accompanying notes. As permitted under GAAP, interim accounting for certain expenses, such as the adequacy of accounts receivable reserves, return reserves, inventory reserves, recovery of advances, assessment of goodwill and intangible asset impairment and valuation reserve for income taxes, are based on full year assumptions when appropriate. Actual results could differ materially from those estimates.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), although we believe that the disclosures are adequate to make the information presented not misleading. The results of operations for the respective interim periods are not necessarily indicative of the results expected for the full year. These Condensed Consolidated Financial Statements and accompanying notes should be read in conjunction with our annual consolidated financial statements and the notes thereto, included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2017.

### CASH AND CASH EQUIVALENTS

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.

### 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 had a provision for doubtful accounts of $0.9 million and zero for the three and six months ended September 30, 2017 and 2016, respectively.

Our Content & Entertainment 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. We base the amount of the returns allowance and customer chargebacks upon historical experience and future expectations.

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.

### UNBILLED AND DEFERRED REVENUE

Unbilled revenue represent amounts recognized as revenue for which invoices have not yet been sent to clients. Deferred revenue represents amounts billed or payments received for which revenue has not yet been earned.

### ADVANCES

Advances, which are recorded within prepaid and other current assets within the consolidated balance sheets, represent amounts prepaid to studios or content producers for which we provide content distribution services. We evaluate advances regularly for recoverability and record impairment charges for amounts that we expect may not be recoverable as of the consolidated balance sheet date. Impairments and accelerated amortization related to advances were $0.2 million and $0.5 million for the three months ended September 30, 2017 and 2016, respectively. Impairments and accelerated amortization related to advances were $1.0 million and $0.8 million for the six months ended September 30, 2017 and 2016, respectively.

### INVENTORY

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

### RESTRICTED CASH

Our Prospect Loan requires that we maintain specified cash balances that are restricted to repayment of interest thereunder. See Note 5 - Notes Payable for information about our restricted cash balances.

### 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 |
| Digital cinema projection systems | 10 years |
| Machinery and equipment | 3 - 10 years |
| Furniture and fixtures | 3 - 6 years |

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 condensed consolidated statements of operations.

### ACCOUNTING FOR DERIVATIVE ACTIVITIES

Derivative financial instruments are recorded at fair value. Changes in the fair value of derivative financial instruments are either recognized in accumulated other comprehensive loss (a component of stockholders' deficit) or in the consolidated statements of operations depending on whether the derivative qualifies for hedge accounting. We entered into an interest rate cap transaction to limit our exposure to interest rates on the Prospect Loan, which matures March 31, 2018. We have not sought hedge accounting treatment for the interest rate cap and therefore, changes in its value are recorded in the consolidated statements of operations.

FAIR VALUE MEASUREMENTS

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

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments and market corroborated inputs)

- Level 3 – significant unobservable inputs (including our own assumptions in determining the fair value of investments)

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

The following tables summarize the levels of fair value measurements of our financial assets and liabilities as of September 30, 2017 and March 31, 2017:

| (in thousands) | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Restricted cash | $1,000 | $ — | $ — | $1,000 |

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 Condensed Consolidated Balance Sheets. The estimated fair values of these financial instruments approximate their carrying amounts because of their short-term nature. At September 30, 2017 and March 31, 2017, the estimated fair value of our fixed rate debt approximated its carrying amounts. We estimated the fair value of debt based upon current interest rates available to us at the respective balance sheet dates for arrangements with similar terms and conditions. Based on borrowing rates currently available to us for loans with similar terms, the carrying value of notes payable and capital lease obligations approximates fair value.

## IMPAIRMENT OF LONG-LIVED AND FINITE-LIVED ASSETS

We review the recoverability of our long-lived assets and finite-lived intangible assets, when events or conditions occur that indicate a possible impairment exists. The assessment for recoverability is based primarily on our ability to recover the carrying value of our long-lived and finite-lived assets from expected future undiscounted net cash flows. If the total of expected future undiscounted net cash flows is less than the total carrying value of the asset, the asset is deemed not to be recoverable and possibly impaired. We then estimate the fair value of the asset to determine whether an impairment loss should be recognized. An impairment loss will be recognized if the asset's fair value is determined to be less than its carrying value. Fair value is determined by computing the expected future discounted cash flows. During the three months and six months ended September 30, 2017 and 2016, no impairment charge was recorded from operations for long-lived assets or finite-lived assets.

## GOODWILL

Goodwill is the excess of the purchase price paid over the fair value of the net assets of an acquired business. Goodwill is tested for impairment on an annual basis at the end of the fourth quarter of each fiscal year, or more often if warranted by events or changes in circumstances indicating that the carrying value of a reporting unit may exceed fair value, also known as impairment indicators. Our process of evaluating goodwill for impairment involves the determination of fair value of goodwill compared to its carrying value. Our only reporting unit with goodwill is our Content & Entertainment reporting unit.

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.

No goodwill impairment charge was recorded in the three or six months ended September 30, 2017 and 2016.

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.

DEBT ISSUANCE COSTS

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

REVENUE RECOGNITION

Phase I Deployment and Phase II Deployment

Virtual print fees (“VPFs”) are earned, net of administrative fees, pursuant to contracts with movie studios and distributors, whereby amounts are payable by a studio to Phase 1 DC, CDF I and to Phase 2 DC when movies distributed by the studio are displayed on screens utilizing our Systems installed in movie theatres. VPFs are earned and payable to Phase 1 DC and CDF I based on a defined fee schedule with a reduced VPF rate year over year until the sixth year (calendar year 2011) at which point the VPF rate remains unchanged through the tenth year until the VPFs phase out. One VPF is payable for every digital title initially displayed per System. The amount of VPF revenue is dependent on the number of movie titles released and displayed using the Systems in any given accounting period. VPF revenue is recognized in the period in which the digital title first plays on a System for general audience viewing in a digitally equipped movie theatre, as Phase 1 DC’s, CDF I's and Phase 2 DC’s performance obligations have been substantially met at that time.

Phase 2 DC’s agreements with distributors require the payment of VPFs, according to a defined fee schedule, for ten years from the date each system is installed; however, Phase 2 DC may no longer collect VPFs once “cost recoupment,” as defined in the contracts with movie studios and distributors, is achieved. Cost recoupment will occur once the cumulative VPFs and other cash receipts collected by Phase 2 DC have equaled the total of all cash outflows, including the purchase price of all Systems, all financing costs, all “overhead and ongoing costs”, as defined, and including service fees, subject to maximum agreed upon amounts during the three-year rollout period and thereafter. Further, if cost recoupment occurs before the end of the eighth contract year, the studios must pay us a one-time “cost recoupment bonus.” Any other cash flows, net of expenses, received by Phase 2 DC following the achievement of cost recoupment are required to be returned to the distributors on a pro-rata basis. At this time, we cannot estimate the timing or probability of the achievement of cost recoupment. Beginning in December 2018, certain Phase 2 DC Systems will have reached the conclusion of their deployment payment period, subject to earlier achievement of cost recoupment. In accordance with existing agreements with distributors, VPF revenues will cease to be recognized on such Systems. Because the Phase II deployment installation period ended in December 2012, a majority of the VPF revenue associated with the Phase II systems will end by December 2022 or earlier if cost recoupment is achieved.

Alternative content fees (“ACFs”) are earned pursuant to contracts with movie exhibitors, whereby amounts are payable to Phase 1 DC, CDF I and to Phase 2 DC, generally either a fixed amount or as a percentage of the applicable box office revenue derived from the exhibitor’s showing of content other than feature movies, such as concerts and sporting events (typically referred to as “alternative content”). ACF revenue is recognized in the period in which the alternative content first opens for audience viewing.

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

Services

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

Our Services segment 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 recognized in the period in which the billing of VPFs occurs, as performance obligations have been substantially met at that time.

Content & Entertainment

CEG earns fees for the distribution of content in the home entertainment markets via several distribution channels, including digital, VOD, and physical goods (e.g., DVD and Blu-ray Discs). Fees earned are typically based on the gross amounts billed to our customers less the amounts owed to the media studios or content producers under distribution agreements, and gross media sales of owned or licensed content. Depending upon the nature of the agreements with the platform and content providers, the fee rate that we earn varies. Generally, revenues are recognized when 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. Reserves for sales returns and other allowances are recorded based upon historical experience. If actual future returns and allowances differ from past experience, adjustments to our allowances may be required. Sales returns and allowances are reported as a reduction of revenues.

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

Revenue is deferred in cases where a portion or the entire contract amount cannot be recognized as revenue due to non-delivery of services. Such amounts are classified as deferred revenue and are recognized as earned revenue in accordance with our revenue recognition policies described above.

DIRECT OPERATING COSTS

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

STOCK-BASED COMPENSATION

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

| | Three Months Ended September 30, | | Six Months Ended September 30, | |
|---|---|---|---|---|
| (In thousands) | 2017 | 2016 | 2017 | 2016 |
| Direct operating | $13 | $2 | $13 | $5 |
| Selling, general and administrative | 317 | 740 | 634 | 1,015 |
| | $330 | $742 | $647 | $1,020 |

No stock options were granted or exercised during the three months and six months ended September 30, 2017 and 2016.
There were 20,000 and zero restricted shares awarded to employees during the three months ended September 30, 2017 and 2016, respectively.

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.

NET LOSS PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS

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

Basic and diluted net loss per common share attributable to common stockholders =

Net loss attributable to common stockholders

Weighted average number of common stock outstanding during the period

Stock issued and treasury stock repurchased during the period are weighted for the portion of the period that they are outstanding. The shares to be repurchased in connection with the forward stock purchase transaction discussed in Note 5 - Notes Payable are considered repurchased for the purposes of calculating earnings per share and therefore the calculation of weighted average shares outstanding for the three months and six months ended September 30, 2017 and 2016, excludes 0.9 million shares that will be repurchased as a result of the forward stock purchase transaction.

We incurred net losses for the three months and six months ended September 30, 2017 and 2016, and therefore the impact of potentially dilutive common shares from outstanding stock options and warrants, totaling 1,481,127 shares and 2,899,259 shares as of September 30, 2017 and 2016, respectively, were excluded from the computation of loss per share as their impact would have been anti-dilutive.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May, 2017, the Financial Accounting Standards Board ("FASB") issued ASU No. 2017-09, “Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting,” clarifying when a change to the terms or conditions of a share-based payment award must be accounted for as a modification. The new guidance requires modification accounting if the fair value, vesting condition or the classification of the award is not the same immediately before and after a change to the terms and conditions of the award. The new guidance is effective for the Company on a prospective basis beginning on January 1, 2018, with early adoption permitted. The adoption of this guidance is not expected to have a material impact on the Company’s consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-03 which amended Accounting Changes and Error Corrections (Topic 250) to state that registrants should consider additional qualitative disclosures if the impact of an issued but not yet adopted ASU is unknown or cannot be reasonably estimated and to include a description of the effect of the accounting policies that the registrant expects to apply, if determined. Transition guidance included in certain issued but not yet adopted ASUs was also updated to reflect this amendment.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, the new guidance eliminates the need to determine the fair value of individual assets and liabilities of a reporting unit to measure a goodwill impairment. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value. The revised guidance will be applied prospectively, and is effective for calendar year-end SEC filers in 2020. Early adoption is permitted for any impairment tests performed after April 1, 2017. The new guidance is not expected to have a material impact on the Company's consolidated financial statements.

On January 5, 2017, the FASB issued ASU No. 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business,” which provides additional guidance on evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The guidance requires an entity to evaluate if substantially all the fair value of the assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the new guidance would define this as an asset acquisition; otherwise, the entity then evaluates whether the asset meets the requirement that a business include, at a minimum, an input and substantive process that together significantly contribute to the ability to create outputs. The guidance is effective for the Company on a prospective basis beginning on January 1, 2018, with early adoption permitted. This new guidance is not expected to have a material impact on the Company’s Consolidated Financial Statements.

In May 2014, the FASB issued new accounting guidance on revenue recognition. The new standard, issued Accounting Standards Update ("ASU") as ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)”, provides for a single five-step model to be applied to all revenue contracts with customers as well as requires additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows relating to customer contracts. During 2016, the FASB issued several accounting updates (ASU No. 2016-08, 2016-10 and 2016-12) to clarify implementation guidance and correct unintended application of the guidance. Companies have an option to use either a retrospective approach or cumulative effect adjustment approach to implement the standard. The guidance will be effective during our fiscal year ending March 31, 2019 with early adoption permitted. We are in the process of gathering information, assessing our revenue streams and evaluating the impact of the adoption of this accounting standard update on our consolidated financial statements.

## 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 September 30, 2017 and March 31, 2017, 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 were $0.4 million as of September 30, 2017 and March 31, 2017, which are included in accounts receivable, net on the accompanying Condensed Consolidated Balance Sheets.

For the three months and six months ended September 30, 2017 and 2016, the accompanying Condensed Consolidated Statements of Operations includes $0.3 million of digital cinema servicing revenue from CDF2 Holdings.

Total Stockholders' Deficit of CDF2 Holdings at September 30, 2017 and March 31, 2017 was $22.9 million and $18.7 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 September 30, 2017 and March 31, 2017 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.

## 4. INCOME TAXES

We calculate income tax expense based upon an annual effective tax rate forecast, including estimates and assumptions. Income tax expense recorded for the three and six month periods ended September 30, 2017 and 2016 represent state income taxes.  We have not recorded tax benefits on our loss before income taxes because we have provided for a full valuation allowance that offsets potential deferred tax assets resulting from net operating loss carry forwards, reflecting our inability to use such loss carry forwards.

Our effective tax rate for the six months ended September 30, 2017 and 2016 was negative 3.3% and negative 2.2%, respectively.

## 5. NOTES PAYABLE

Notes payable consisted of the following:

| | September 30, 2017 | | March 31, 2017 | |
|---|---|---|---|---|
| (In thousands) | Current Portion | Long Term Portion | Current Portion | Long Term Portion |
| Prospect Loan | — | 44,058 | — | 54,656 |
| KBC Facilities | 3,454 | 816 | 5,744 | 2,890 |
| P2 Vendor Note | 293 | 75 | 227 | 181 |
| P2 Exhibitor Notes | 66 | — | 85 | 22 |
| Total non-recourse notes payable | 3,813 | 44,949 | 6,056 | 57,749 |
| Less: Unamortized debt issuance costs and debt discounts | — | (2,430 ) | — | (2,701 ) |
| Total non-recourse notes payable, net of unamortized debt issuance costs and debt discounts | $3,813 | $42,519 | $6,056 | $55,048 |
| | | | | |
| 5.5% Convertible Notes Due 2035 | $46,771 | $— | $— | $50,571 |
| Second Secured Lien Notes | — | 10,835 | — | 9,165 |
| Cinedigm Revolving Loans | 11,975 | — | 19,599 | — |
| 2013 Notes | — | 5,000 | — | 5,000 |
| Total recourse notes payable | 58,746 | 15,835 | 19,599 | 64,736 |
| Less: Unamortized debt issuance costs and debt discounts | — | (4,165 ) | — | (5,340 ) |
| Total recourse notes payable, net of unamortized debt issuance costs and debt discounts | $58,746 | $11,670 | $19,599 | $59,396 |
| Total notes payable, net of unamortized debt issuance costs | $62,559 | $54,189 | $25,655 | $114,444 |

Non-recourse debt is generally defined as debt whereby the lenders' sole recourse with respect to defaults, is limited to the value of the asset, which is collateral for the debt. Certain of our subsidiaries are liable with respect to, and their assets serve as collateral for, certain indebtedness for which our assets and the assets of our other subsidiaries that are not parties to the transaction are generally not liable. We have referred to this indebtedness as "non-recourse debt" because the recourse of the lenders is limited to the assets of specific subsidiaries. Such indebtedness includes the Prospect Loan, the KBC Facilities, the 2013 Term Loans, the P2 Vendor Note and the P2 Exhibitor Notes.

Prospect Loan

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

Collections of DC Holdings accounts receivable are deposited into accounts designated to pay certain operating expenses, principal, interest, fees, costs and expenses relating to the Prospect Loan. On a quarterly basis, if there is excess cash flow, it is used for prepayment of the Prospect Loan. We also maintain a debt service fund under the Prospect Loan for future principal and interest payments. As of September 30, 2017 and March 31, 2017, the debt service fund had a balance of $1.0 million, which is classified as part of restricted cash on our condensed consolidated balance sheets.

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

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

The Prospect Loan is primarily secured by a first priority pledge of the stock of DC Holdings, our wholly owned subsidiary, the stock of AccessDM, which is wholly owned by DC Holdings, the stock of Access Digital Cinema Phase II, Corp., our wholly owned subsidiary, and the stock of our Phase I DC subsidiaries, which are subsidiaries of AccessDM. The Prospect Loan is also guaranteed by each of those subsidiaries.

The Prospect Loan contains customary representations, warranties, affirmative covenants, negative covenants and events of default. The following table summarizes the activity related to the Prospect Loan:

| (In thousands) | September 30, 2017 | March 31, 2017 |
|---|---|---|
| Prospect Loan, at issuance | $70,000 | $70,000 |
| PIK Interest | 4,778 | 4,778 |
| Payments to date | (30,720 ) | (20,122 ) |
| Prospect Loan, net | 44,058 | 54,656 |
| Less current portion | — | — |
| Total long term portion | $44,058 | $54,656 |

KBC Facilities

In December 2008, we began entering into multiple credit facilities to fund the purchase of Systems to be installed in movie theatres as part of our Phase II Deployment. There were no borrowings under the KBC Facilities during the six months ended September 30, 2017. The following table presents a summary of the KBC Facilities (dollar amounts in thousands):

| | | | | Outstanding Principal Balance | |
|---|---|---|---|---|---|
| Facility[1] | Credit Facility | Interest Rate[2] | Maturity Date | September 30, 2017 | March 31, 2017 |
| 1 | $22,336 | 3.75 % | September 2018 | $671 | $3,758 |
| 3 | 11,425 | 3.75 % | March 2019 | 2,448 | 3,264 |
| 4 | 6,450 | 3.75 % | December 2018 | 1,151 | 1,612 |
| | $40,211 | | | $4,270 | $8,634 |

[1] For each facility, principal is to be repaid in twenty-eight quarterly installments.

[2] Each of the facilities bears interest at the three-month LIBOR rate, which was 1.00% at September 30, 2017, plus the interest rate noted above.

5.5% Convertible Notes Due April 2035

On April 29, 2015, we issued $64.0 million aggregate principal amount of unsecured senior convertible notes payable (the "Convertible Notes") that bear interest at a rate of 5.5% per year, payable semiannually. The Convertible Notes mature on April 15, 2035, unless earlier repurchased, redeemed or converted and are convertible at the option of the holders at any time until the close of business on the business day immediately preceding the maturity date. Upon conversion, we will deliver to holders in respect of each $1,000 principal amount of Convertible Notes being converted a number of shares of our Class A Common Stock equal to the conversion rate, together with a cash payment in lieu of delivering any fractional share of Class A Common Stock. The conversion rate applicable to the Convertible Notes on the offering date was 82.4572 shares of Class A Common Stock per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $12.13 per share of Class A Common Stock), which is subject to adjustment if certain events occur. Holders of the Convertible Notes may require us to repurchase all or a portion of the Convertible Notes on April 20, 2020, April 20, 2025 and April 20, 2030 and upon the occurrence of certain fundamental changes at a repurchase price in cash equal to 100% of the principal amount of the Convertible Notes to be repurchased plus accrued and unpaid interest, if any. The Convertible Notes will be redeemable by us at our option on or after April 20, 2018 upon the satisfaction of a sale price condition with respect to our Class A Common Stock and on or after April 20, 2020 without regard to the sale price condition, in each case, at a redemption price in cash equal to 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest, if any.

The net proceeds from the Convertible Note offering was $60.9 million, after deducting offering expenses. We used $18.6 million of the net proceeds from the offering to repay borrowings under and terminate one of our term loans under our 2013 Credit Agreement, of which $18.2 million was used to pay the remaining principal balance. Concurrently with the closing of the Convertible Notes transaction, we repurchased approximately 272,100 shares of our Class A common stock from certain purchasers of Convertible Notes in privately negotiated transactions for $2.7 million. In addition, $11.4 million of the net proceeds was used to fund the cost of repurchasing approximately 1,179,138 shares of our Class A common stock pursuant to the forward stock purchase agreement described in Note 6 - Stockholders' Deficit. We recorded interest expense of $0.7 million and $0.9 million for the three months ended September 30, 2017 and 2016, respectively, and $1.4 million and $1.8 million for the six months ended September 30, 2017 and 2016, respectively, related to the Convertible Notes.

On July 10, 2017, we entered into exchange agreements (the “Exchange Agreements”) with holders of Convertible Notes representing approximately 99% of the principal amount, pursuant to which $3.8 million of the Convertible Notes were surrendered by such holders in exchange for 1,315,326 shares of Class A Common Stock and $1.5 million in second lien notes under the Loan Agreement during the three months ended September 30, 2017. As a result of the exchanges, we recorded a debt conversion expenses of $3.1 million and a loss on extinguishment of notes payable of $0.1 million. As a result of the exchange transaction on November 1, 2017, this debt has been classified as current as of September 30, 2017. See Note 10 “Subsequent Events” for further discussion.

Second Secured Lien Notes

On July 14, 2016, we entered into a Second Lien Loan Agreement (the “Loan Agreement”), under which we may borrow up to
$15.0 million, subject to certain limitations imposed on us regarding the number of shares that we may issue in connection with
the loans. During the six months ended September 30, 2017, we borrowed an aggregate principal amount of $1.5 million under the Loan Agreement (the "Second Secured Lien Notes"), and have borrowed $10.5 million in total under the Loan Agreement. The Second Secured Lien Notes mature on June 30, 2019 and bear interest at 12.75%, payable 7.5% in cash and 5.25% in cash or in kind at our option. In addition, under the terms of the Loan Agreement, we are required to issue 98,000 shares of our Class A common stock for every $1 million borrowed, subject to prorata adjustments. The Loans may be prepaid without premium or penalty and contain customary covenants, representations and warranties. The obligations under the Loans are guaranteed by certain of our existing and future subsidiaries. We have pledged substantially all of our assets, except those assets related to our digital cinema deployment business, to secure payment on the Second Secured Lien Notes. The Loan Agreement was amended on August 4, 2016, on October 7, 2016, and on March 31, 2017 to facilitate subsequent borrowing transactions and clarify certain terms of the shares issuable in connection with the loans.

Cinedigm Credit Agreement

On October 17, 2013, we entered into a credit agreement (the “Cinedigm Credit Agreement”) with Société Générale. Under the Cinedigm Credit Agreement, as amended in February 2015 and April 2015, we were permitted to borrow an aggregate principal amount of up to $55.0 million, including term loans of $25.0 million (the “Cinedigm Term Loans”) and revolving loans of up to $30.0 million (the “Cinedigm Revolving Loans”). Interest under the Cinedigm Term Loans was charged at a base rate plus 5.0%, or the Eurodollar rate plus 6.0% until the Cinedigm Term Loan was repaid on April 29, 2015 in connection with the Convertible Notes offering. The Cinedigm Revolving Loans bear interest at a base rate of 6.25% or the Eurodollar rate of 1.0% plus 4.0%. The Base rate, per annum, is equal to the highest of (a) the rate quoted by the Wall Street Journal as the “base rate on corporate loans by at least 75% of the nation’s largest banks,” (b) 0.50% plus the federal funds rate, and (c) the Eurodollar rate plus 4.0%.

We repaid the entire outstanding balance of the Cinedigm Term Loans and amended the terms of the Cinedigm Revolving Loans in connection with our issuance of the Convertible Notes. In connection with the repayment of the Cinedigm Term Loans, we wrote-off certain unamortized debt issuance costs and the discount that remained on the balance of the note payable. As a result, we recorded $0.9 million as a loss on extinguishment of debt for the year ended March 31, 2016.

An April 2015 amendment to the Cinedigm Revolving Loans extended the term of the Cinedigm Credit Agreement to March 31, 2018, provided for the release of the equity interests in the subsidiaries that we had previously pledged as collateral, changed the interest rate and replaced all financial covenants with a single debt service coverage ratio test commencing at June 30, 2016 and a $5.0 million minimum liquidity covenant. The Cinedigm Revolving Loans, as amended, bear interest at Base Rate (as defined in the amendment) plus 3% or LIBOR plus 4%, at our election, but in no event may the elected Base Rate or LIBOR rate be less than 1%. We are permitted to repay the Cinedigm Revolving Loans, at our option, in whole or in part.

In May 2016, we entered into an agreement with Société Générale (as Administrative Agent), which amended certain terms of the Cinedigm Credit Agreement (the “May 2016 Amendment”) primarily to increase the Company’s cash available for operations. The May 2016 Amendment also reduced the maximum principal amount available under the Cinedigm Credit Agreement from $30.0 million to $22.0 million.

In July 2016, we entered into an amendment to the Cinedigm Credit Agreement, which, among other things, lowered the minimum liquidity requirement to $0.8 million up to June 30, 2017 and all times after at least $5.0 million in minimum liquidity. On August 10, 2017, we received a waiver to keep the minimum liquidity at $0.8 million through October 13, 2017 and at all times after October 13, 2017, we must maintain at least $5.0 million minimum liquidity. On November 9, 2017, we entered into an amendment to maintain the minimum liquidity at $0.8 million until the maturity date of the Revolving Maturity date. This amendment also reduced the revolving aggregate maximum credit amount by $2.0 million on each of January 31, 2018 and February 28, 2018 if the outstanding obligations are not repaid in full by such date. In addition, certain of our subsidiaries that are guarantors to the Cinedigm Credit Agreement entered into a Guaranty Supplement, pursuant to which certain of the subsidiaries guaranteed the Company's obligations under the Cinedigm Credit Agreement and the subsidiaries pledged substantially all of their assets to secure such obligations. In addition, pursuant to the July 2016 amendment, (i) the Eurodollar rate loans were changed to Base plus 4.5%  and base plus 3.5% for Base rate loans, (ii) the requirement for the debt service reserve account was eliminated, and (iii) the maximum principal amount available to borrow was reduced from $22.0 million to $17.1 million. As of September 30, 2017, no additional borrowings were available under the Cinedigm Revolving Loans.

In connection with the Cinedigm Revolving Loans, we maintained a debt service reserve account in restricted cash for certain scheduled interest and principal payments due on the Cinedigm Revolving Loans and Convertible Notes as of March 31, 2016 of $2.2 million. As a result of the July 2016 amendment to the Cinedigm Credit Agreement, no such reserve amount was required to be maintained as of March 31, 2017.

On November 9, 2017, we obtained a waiver on a covenant under the Cinedigm Credit Agreement and Second Secured Lien Notes for the quarter ended September 30, 2017 and each fiscal quarter thereafter.

2013 Notes

In October 2013, we entered into securities purchase agreements with certain investors, pursuant to which we sold notes in the aggregate principal amount of $5.0 million (the "2013 Notes") and warrants to purchase an aggregate of 150,000 shares of Class A Common Stock (the "2013 Warrants") to such investors. We allocated a fair value of $1.6 million to the 2013 Warrants, which was recorded as a discount to the 2013 Notes and is being amortized through the maturity of the 2013 Notes as interest expense.

The principal amount outstanding under the 2013 Notes is due on October 21, 2018. The 2013 Notes bear interest at 9.0% per annum, payable in quarterly installments over the term of the 2013 Notes. The 2013 Notes may be redeemed at any time, subject to certain premiums.

Zvi Rhine, a member of our Board of Directors and a related party, is a holder of $0.5 million of the 2013 Notes as of September 30, 2017 and March 31, 2017.

## 6. STOCKHOLDERS' DEFICIT

### COMMON STOCK

During the six months ended September 30, 2017, we issued 1,951,161 shares of Class A Common Stock in connection with exchange for Convertible Notes, the payment of preferred stock dividends, settlement of an obligation to a content provider, and issuance to employees.

### PREFERRED STOCK

Cumulative dividends in arrears on preferred stock at September 30, 2017 were $0.2 million. In October 2017, we paid the preferred stock dividends in arrears in the form of 60,133 shares of Class A Common Stock.

## 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 Class A Common Stock on the date of grant. ISOs granted to shareholders having more than 10% of the total combined voting power of the Company must have exercise prices of at least 110% of the fair market value of our Class A Common Stock on the date of grant. ISOs and non-statutory stock options granted under the 2000 Plan are subject to vesting provisions, and exercise is subject to the continuous service of the participant. The exercise prices and vesting periods (if any) for non-statutory options are set at the discretion of our compensation committee. On November 1, 2017, upon the consummation of the transactions pursuant to the Stock Purchase Agreement, where there was a change of control of the Company, all stock options (incentive and non-statutory) and shares of restricted stock that had not previously vested have been 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 provides for the issuance of up to 2,380,000 shares of Class A Common Stock to employees, outside directors and consultants.

At the August 31, 2017 Annual Meeting, the stockholders of the Company approved the 2017 Equity Incentive Plan (the "2017 Plan"), the Company's new equity incentive plan. The 2017 Plan replaced the 2000 Plan, and applies to employees and directors of, and consultants to the Company. The 2017 Plan provides for the issuance of up to 2,098,270 shares of Class A common stock, in the form of various awards, including stock options, stock appreciation rights, stock, restricted stock, restricted stock units, performance awards and cash awards. The Compensation Committee of the Company's Board of Directors (the "Board") is authorized to administer the Plan and make grants thereunder. The approval of the 2017 Plan does not affect awards already granted under the Plan.

The following table summarizes the activity of the Plan related to shares issuable pursuant to outstanding options:

| | Shares Under Option | Weighted Average Exercise Price Per Share |
|---|---|---|
| Balance at March 31, 2017 | 345,615 | $ 16.03 |
| Granted | — | — |
| Exercised | — | — |
| Canceled/forfeited | (5,300 ) | 42.57 |
| Balance at September 30, 2017 | 340,315 | $ 15.74 |

The weighted average remaining contractual life for stock options outstanding as of September 30, 2017 was 5.60 years.

OPTIONS GRANTED OUTSIDE CINEDIGM'S EQUITY INCENTIVE PLAN

In October 2013, we issued options outside of the 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 Class A Common Stock at an exercise price of $17.5 per share. The options vest and become exercisable in 25% increments over four years from their grant dates and expire 10 years from the date of grant, if unexercised. As of September 30, 2017, there were 31,875 unvested options outstanding.

In December 2010, we issued options to purchase 450,000 shares of Class A Common Stock outside of the Plan as part of our Chief Executive Officer's initial employment agreement with the Company. Such options have exercise prices per share between $15.00 and $50.00, all of which were vested as of December 2013 and will expire in December 2020. As of September 30, 2017, all such options remained outstanding.

WARRANTS

The following table presents information about outstanding warrants to purchase shares of our Class A Common Stock as of September 30, 2017. All of the outstanding warrants are fully vested and exercisable.

| Recipient | Amount outstanding | Expiration | Exercise price per share |
|---|---|---|---|
| Strategic management service provider | 52,500 | July 2021 | $17.20 - $30.00 |
| Warrants issued to creditors in connection with the 2013 Notes (the "2013 Warrants") | 125,063 | October 2018 | $18.50 |
| Warrants issued to Ronald L. Chez in connection with the Second Secured Lien Notes | 200,000 | July 2023 | $1.34 - $1.68 |
| Warrants issued in connection with Convertible Notes exchange transaction | 200,000 | December 2021 | $1.60 |

Outstanding warrants held by the strategic management service provider were issued in connection with a consulting management services agreement ("MSA"). The warrants may be terminated with 90 days' notice in the event of termination of the MSA.

The 2013 Warrants and related 2013 Notes are subject to certain transfer restrictions.

The warrants issued in connection with the Second Secured Lien Notes to Ronald L. Chez, at the time a member of Board of Directors, contain a cashless exercise provision and customary anti-dilution rights.

Warrants to purchase Class A Common Stock issued in connection with the Convertible Notes exchange transaction were issued on December 22, 2016, became exercisable six months after issuance and contain customary anti-dilution provisions. The value of the warrants issued in connection with the Exchange Agreement was $0.2 million, determined by using the Black-Scholes Option Pricing Model, assuming a 5-year life, a risk free rate interest of 2.0% and an expected volatility of 76.4%.

## 7. COMMITMENTS AND CONTINGENCIES

### LEASES

On April 10, 2017, we entered into lease agreements for new office space in New York City, which coincides with the termination of our previous New York City office lease. The new agreements commenced on July 1, 2017 and initially required minimum lease payments of $33 with customary escalation clauses over the course of the contract which terminates in April 2021.

Our capital lease obligations are primarily related to computer equipment.
We also operate from leased properties under non-cancelable operating lease agreements, certain of which contain escalating lease clauses.

## 8. SUPPLEMENTAL CASH FLOW INFORMATION

| | September 30, | | | |
|---|---|---|---|---|
| (in thousands) | 2017 | | 2016 | |
| Cash interest paid | $ | 6,495 | $ | 8,321 |
| Accrued dividends on preferred stock | 89 | | 89 | |
| Issuance of Class A common stock for payment of preferred stock dividends | 178 | | 178 | |
| | — | | 365 | |

| | | |
|---|---|---|
| Issuance of Class A common stock in connection with Second Secured Lien Notes | | |
| Issuance of warrants in connection with Second Secured Lien Notes | — | 107 |
| Accrued issuance of Class A common stock | — | 341 |
| Issuance of Second Lien Loans in connection with Convertible Notes exchange transaction | 1,462 | — |

## 9. SEGMENT INFORMATION

We operate in four reportable segments: Phase I Deployment, Phase II Deployment, Services and Content & Entertainment or CEG. Our segments were determined based on the economic characteristics of our products and services, our internal organizational structure, the manner in which our operations are managed and the criteria used by our Chief Operating Decision Maker to evaluate performance, which is generally the segment's income (loss) from continuing operations before interest, taxes, depreciation and amortization. Certain Corporate assets, liabilities and operating expenses are not allocated to our reportable segments.

| Operations of: | Products and services provided: |
|---|---|
| Phase I Deployment | Financing vehicles and administrators for 3,724 Systems installed nationwide in Phase 1 DC's deployment to theatrical exhibitors. We retain ownership of the Systems and the residual cash flows related to the Systems after the repayment of all non-recourse debt at the expiration of exhibitor, master license agreements. As of September 30, 2017, we are no longer earning a significant portion of VPF revenues from certain major studios on 3,241 of such systems. |
| Phase II Deployment | Financing vehicles and administrators for our 8,904 Systems installed domestically and internationally, for which we retain no ownership of the residual cash flows and digital cinema equipment after the completion of cost recoupment and at the expiration of the exhibitor master license agreements. |
| Services | Provides monitoring, collection, verification and other management services to our Phase I Deployment, Phase II Deployment, CDF2 Holdings, as well as to exhibitors who purchase their own equipment. Services also collects and disburses VPFs from motion picture studios, distributors and ACFs from alternative content providers, movie exhibitors and theatrical exhibitors. |
| Content & Entertainment | Leading distributor of independent content, and collaborates with producers and other content owners to market, source, curate and distribute independent content to targeted and profitable audiences in theatres and homes, and via mobile and emerging platforms. |

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

| | As of September 30, 2017 | | | | | |
|---|---|---|---|---|---|---|
| (In thousands) | Intangible Assets, net | Goodwill | Total Assets | Notes Payable, Non-Recourse | Notes Payable | Capital Leases |
| Phase I Deployment | $138 | $ — | $9,222 | $ 41,627 | $— | $ — |
| Phase II Deployment | — | — | 39,927 | 4,705 | — | — |
| Services | — | — | 878 | — | — | — |
| Content & Entertainment | 17,293 | 8,701 | 54,003 | — | — | — |
| Corporate | 8 | — | 4,621 | — | 70,416 | 8 |
| Total | $17,439 | $ 8,701 | $108,651 | $ 46,332 | $70,416 | $ 8 |

| | As of March 31, 2017 | | | | | |
|---|---|---|---|---|---|---|
| (In thousands) | Intangible Assets, net | Goodwill | Total Assets | Notes Payable, Non-Recourse | Notes Payable | Capital Leases |
| Phase I Deployment | $160 | $ — | $15,118 | $ 51,955 | $— | $ — |
| Phase II Deployment | — | — | 48,461 | 9,149 | — | — |
| Services | — | — | 1,052 | — | — | — |
| Content & Entertainment | 20,057 | 8,701 | 79,911 | — | — | 8 |
| Corporate | 10 | — | 6,792 | — | 78,995 | 58 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Total | $20,227 | $ 8,701 | $151,334 | $ 61,104 | $78,995 | $ 66 |

Statements of Operations
Three Months Ended September 30, 2017
(Unaudited, in thousands)

| | Phase I | Phase II | Services | Content & Entertainment | Corporate | Consolidated |
|---|---|---|---|---|---|---|
| Revenues | $5,329 | $2,591 | $2,105 | $ 6,253 | $ — | $ 16,278 |
| Direct operating (exclusive of depreciation and amortization shown below) | 263 | 79 | 10 | 3,689 | — | 4,041 |
| Selling, general and administrative | 83 | 87 | 258 | 3,903 | 1,916 | 6,247 |
| Allocation of Corporate overhead | | | 410 | 872 | (1,282 ) | — |
| Provision for doubtful accounts | 908 | 41 | — | — | — | 949 |
| Depreciation and amortization of property and equipment | 1,596 | 1,880 | — | 82 | 87 | 3,645 |
| Amortization of intangible assets | 12 | — | — | 1,381 | 2 | 1,395 |
| Total operating expenses | 2,862 | 2,087 | 678 | 9,927 | 723 | 16,277 |
| Income (loss) from operations | $2,467 | $504 | $1,427 | $ (3,674 ) | $ (723 ) | $ 1 |

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

| | Phase I | Phase II | Services | Content & Entertainment | Corporate | Consolidated |
|---|---|---|---|---|---|---|
| Direct operating | $ — | $ — | $ 8 | $ 5 | $ — | $ 13 |
| Selling, general and administrative | — | — | 4 | 223 | 90 | 317 |
| Total stock-based compensation | $ — | $ — | $ 12 | $ 228 | $ 90 | $ 330 |

Statements of Operations
Three Months Ended September 30, 2016
(Unaudited, in thousands)

| | Phase I | Phase II | Services | Content & Entertainment | Corporate | Consolidated |
|---|---|---|---|---|---|---|
| Revenues | $9,592 | $3,273 | $3,122 | $ 7,893 | $ — | $ 23,880 |
| Direct operating (exclusive of depreciation and amortization shown below) | 211 | 49 | 2 | 4,640 | — | 4,902 |
| Selling, general and administrative | 116 | 23 | 71 | 3,475 | 1,554 | 5,239 |
| Allocation of Corporate overhead | — | — | 398 | 904 | (1,302 ) | — |
| Restructuring, transition and acquisition expenses, net | — | — | — | (3 ) | 23 | 20 |
| Depreciation and amortization of property and equipment | 5,629 | 1,880 | — | 67 | 187 | 7,763 |
| Amortization of intangible assets | 12 | — | — | 1,449 | 3 | 1,464 |
| Total operating expenses | 5,968 | 1,952 | 471 | 10,532 | 465 | 19,388 |
| Income (loss) from operations | $3,624 | $1,321 | $2,651 | $ (2,639 ) | $ (465 ) | $ 4,492 |

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

| | Phase I | Phase II | Services | Content & Entertainment | Corporate | Consolidated |
|---|---|---|---|---|---|---|
| Direct operating | $ — | $ — | $ 2 | $ — | $ — | $ 2 |
| Selling, general and administrative | — | — | 1 | 47 | 692 | 740 |
| Total stock-based compensation | $ — | $ — | $ 3 | $ 47 | $ 692 | $ 742 |

| | Statements of Operations<br>Six Months Ended September 30, 2017<br>(Unaudited, in thousands) | | | | | |
|---|---|---|---|---|---|---|
| | Phase I | Phase II | Services | Content & Entertainment | Corporate | Consolidated |
| Revenues | $9,660 | $5,652 | $4,501 | $ 11,705 | $— | $ 31,518 |
| Direct operating (exclusive of depreciation and amortization shown below) | 551 | 190 | 10 | 7,356 | — | 8,107 |
| Selling, general and administrative | 183 | 166 | 521 | 7,884 | 3,811 | 12,565 |
| Allocation of Corporate overhead | — | — | 800 | 1,701 | (2,501) | — |
| Provision for doubtful accounts | 908 | 41 | — | — | — | 949 |
| Depreciation and amortization of property and equipment | 3,916 | 3,761 | — | 151 | 174 | 8,002 |
| Amortization of intangible assets | 23 | — | — | 2,763 | 4 | 2,790 |
| Total operating expenses | 5,581 | 4,158 | 1,331 | 19,855 | 1,488 | 32,413 |
| Income (loss) from operations | $4,079 | $1,494 | $3,170 | $ (8,150) | $(1,488) | $ (895) |

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

| | Phase I | Phase II | Services | Content & Entertainment | Corporate | Consolidated |
|---|---|---|---|---|---|---|
| Direct operating | $ — | $ — | $ 8 | $ 5 | $ — | $ 13 |
| Selling, general and administrative | — | — | 4 | 223 | 407 | 634 |
| Total stock-based compensation | $ — | $ — | $ 12 | $ 228 | $ 407 | $ 647 |

Statements of Operations
Six Months Ended September 30, 2016
(Unaudited, in thousands)

| | Phase I | Phase II | Services | Content & Entertainment | Corporate | Consolidated |
|---|---|---|---|---|---|---|
| Revenues | $18,756 | $6,453 | $6,417 | $ 14,729 | $— | $ 46,355 |
| Direct operating (exclusive of depreciation and amortization shown below) | 434 | 102 | 1 | 10,053 | — | 10,590 |
| Selling, general and administrative | 249 | 82 | 302 | 7,544 | 3,497 | 11,674 |
| Allocation of Corporate overhead | — | — | 795 | 1,800 | (2,595 ) | — |
| Restructuring, transition and acquisition expenses, net | — | — | — | 87 | 23 | 110 |
| Depreciation and amortization of property and equipment | 12,020 | 3,761 | — | 135 | 371 | 16,287 |
| Amortization of intangible assets | 23 | — | — | 2,899 | 5 | 2,927 |
| Total operating expenses | 12,726 | 3,945 | 1,098 | 22,518 | 1,301 | 41,588 |
| Income (loss) from operations | $6,030 | $2,508 | $5,319 | $ (7,789 ) | $(1,301 ) | $ 4,767 |

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

| | Phase I | Phase II | Services | Content & Entertainment | Corporate | Consolidated |
|---|---|---|---|---|---|---|
| Direct operating | $ — | $ — | $ 3 | $ 2 | $ — | $ 5 |
| Selling, general and administrative | — | — | 1 | 93 | 921 | 1,015 |
| Total stock-based compensation | $ — | $ — | $ 4 | $ 95 | $ 921 | $ 1,020 |

## 10. SUBSEQUENT EVENTS

On November 1, 2017, the Company consummated the transactions pursuant to the Stock Purchase Agreement (See Note 1 "Nature of Operations and Liquidity and Retirement of the Convertible Notes"). Accordingly, the Company issued and sold an aggregate of 20,000,000 shares of Class A common stock for an aggregate purchase price of $30.0 million, including 19,666,667 shares to a strategic partner and 333,333 shares of Common Stock to Christopher J. McGurk, the Company's Chief Executive Officer. The sale of shares to Mr. McGurk was contemplated by the Stock Purchase Agreement and made pursuant to a separate stock purchase agreement (the "McGurk Agreement") dated as of November 1, 2017 by and between the Company and Mr. McGurk. Mr. McGurk's purchase price was paid by the cancellation of his second secured lien notes previously issued to Mr. McGurk pursuant to the Loan Agreement. The shares issued and sold to the strategic partner and Mr. McGurk are referred to as the "Private Placement Shares."

The receipt of the Committee on Foreign Investment in the United States ("CFIUS") approval, which was a condition to closing the transactions under the Stock Purchase Agreement, was waived by Bison, in its sole discretion, as of November 1, 2017 (the "Waiver"). The Waiver provided for the closing of the transactions prior to a final CFIUS determination on the condition that the Purchase Price (as defined therein) paid by the strategic partner for its Private Placement Shares be returned within fifteen (15) days if: (i) CFIUS subsequently approved the transactions contemplated by the Stock Purchase Agreement (as defined therein), but, as part of such approval, imposed measures to mitigate national security concerns that the strategic partner reasonably deems to be unacceptable; or (ii) CFIUS refused to grant approval of the Transactions or required that the strategic partner divest its investment in the Company.

On November 1, 2017, the Company also completed the transactions contemplated by the Exchange Agreements. Under the Exchange Agreements, on November 1, 2017, an aggregate of $46.3 million principal amount of Convertible Notes were exchanged by the holders thereof in exchange for aggregate cash payments of $17.1 million, plus accrued and unpaid interest on such Notes at the time of exchange, and 2,221,457 shares of Class A Common Stock. In total pursuant to the Exchange

Agreements, from July 10, 2017 through November 1, 2017, a total of $50.1 million principal amount of Convertible Notes were surrendered for retirement in exchange for aggregate cash payments of $17.1 million, plus accrued and unpaid interest on such Notes at the time of exchange, 3,536,783 shares of Class A Common Stock and $1.5 million principal amount of second lien notes issued pursuant to the Loan Agreement. All surrendered Convertible Notes were immediately retired.

The proceeds from the sale of the Private Placement Shares were used, in part, for cash payments under the Notes Exchange, and the remainder will be used for working capital and other general corporate purposes.

In connection with the consummation of the Transactions, on November 1, 2017, the Company entered into a registration rights agreement pursuant to which it agreed to register the resale of the Private Placement Shares (the “Registration Rights Agreement”).

In accordance with the Stock Purchase Agreement, at the closing of the transactions on November 1, 2017, the number of directors of the Board was set at seven (7) and Mr. Peixin Xu and Mr. Peng Jin, both designated by the strategic partner, were appointed as directors to serve on the Board.

On November 1, 2017, the Company also entered into separate voting agreements with certain holders of Class A Common Stock, consisting primarily of members of the Board and management (the “Voting Agreements”), pursuant to which each such holder agreed to vote shares of Common Stock owned or controlled by him in favor of the strategic partner’s designees to the Board in future elections, among other things, subject to the terms thereof.

The McGurk Agreement, Registration Rights Agreement and Voting Agreements contain representations, warranties, covenants and events of default as are customary for transactions of this type and nature.

On October 31, 2017, the Company filed a Fifth Amended and Restated Certificate of Incorporation, pursuant to which (i) the number of shares of Common Stock authorized for issuance was increased to 60,000,000 shares, (ii) there were no changes to the previously authorized 15,000,000 shares of preferred stock, (iii) share transfer restrictions under Article Fourth were eliminated and (iv) two inactive classes of capital stock, the Class B common stock and the Series B Junior Participating preferred stock, were eliminated.

In connection with the sale of the Convertible Notes in April 2015, the Company and Société Générale (the “Forward Counterparty”) entered into a forward purchase contract, pursuant to which the Company purchased 1,179,138 shares of Class A Common Stock from the Forward Counterparty for settlement on or about the fifth anniversary of the issuance of the Convertible Notes. The Forward Counterparty, in accordance with its option to settle the shares, in whole or in part, at any time prior to the final settlement date, settled 601,907 shares on November 6, 2017.

On November 7, 2017, the Company paid out $1.3 million in bonuses to their officers and key employees. These bonuses were paid in conjunction with the Bison transaction, and consistent with the Management Annual Incentive Plan ("MAIP") allocations. Such MAIP plan is intended to reward employees based on the performance of the overall company and their respective divisions.

On November 7, 2017, we exchanged the remaining balance of $0.5 million of Convertible Notes with the holder in exchange for cash and the Convertible Notes were immediately retired.

On November 9, 2017, we entered into an amendment to maintain the minimum liquidity at $0.8 million until the maturity date of the Revolving Maturity date. This amendment also reduced the revolving aggregate maximum credit amount by $2.0 million on each of January 31, 2018 and February 28, 2018 if the outstanding obligations are not repaid in full by such date.

As of November 14, 2017, the maximum principal amount available under the Cinedigm Credit Agreement was reduced to $11.8 million from $17.1 million.

## ITEM 2. 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 document.

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 o 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 over 12,000 movie screens from traditional analog film prints to digital distribution, we have become a leading distributor of independent content, both through organic growth and acquisitions. We distribute products for major brands such as the Discovery Networks, National Geographic and Scholastic, as well as leading international and domestic content creators, movie producers, television producers and other short form digital content producers. We collaborate with producers, major brands and other content owners to market, source, curate and distribute quality content to targeted audiences through (i) existing and emerging digital home entertainment platforms, including but not limited to, iTunes, Amazon Prime, Netflix, Hulu, Xbox, PlayStation, and cable video-on-demand ("VOD"), and (ii) physical goods, including DVD and Blu-ray Discs.

We report our financial results in four primary segments as follows: (1) the first digital cinema deployment (“Phase I Deployment”), (2) the second digital cinema deployment (“Phase II Deployment”), (3) digital cinema services (“Services”) and (4) media content and entertainment group (“Content & Entertainment” or "CEG"). The Phase I Deployment and Phase II Deployment segments are the non-recourse, financing vehicles and administrators for our digital cinema equipment (the “Systems”) installed in movie theatres throughout the United States, and in Australia and New Zealand. Our Services segment provides fee based support to over 12,000 movie screens in our Phase I Deployment, Phase II Deployment segments as well as directly to exhibitors and other third party customers in the form of monitoring, billing, collection and verification services. Our Content & Entertainment segment is a market leader in: (1) ancillary market aggregation and distribution of entertainment content and; (2) branded and curated over-the-top ("OTT") digital network business providing entertainment channels and applications.

Beginning in December 2015, certain of our Phase I Deployment Systems began to reach the conclusion of their deployment payment period with certain distributors and, therefore, Virtual Print Fees ("VPF") revenues ceased to be recognized on such Systems, related to such distributors. Furthermore, because the Phase I Deployment installation period ended in November 2007, a majority of the VPF revenue associated with the Phase I Deployment Systems has ended. As of September 30, 2017, 3,241 of the systems in our Phase I Deployment segment had ceased to earn a significant portion VPF revenue from certain major studios, representing approximately 89 % of the total Systems in our Phase I Deployment. By December 2017, we expect that nearly all of our Phase I Deployment systems will no longer earn VPF revenue from certain major studios. We expect to continue to earn ancillary revenue from the Phase I Deployment Systems through December of 2020; however, such amounts are expected to be significantly less material to our consolidated financial statements. The expected reduction in VPF revenue on our Phase I Deployment systems is scheduled to approximately coincide with the conclusion of certain of our non-recourse debt obligations and, therefore, we expect that reduced cash outflows related to such non-recourse debt obligations will partially offset reduced VPF revenue after November 2017.

Under the terms of our standard Phase I Deployment licensing agreements, exhibitors will continue to have the right to use our Systems through December 2020, 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.

We are structured so that our digital cinema business (collectively, our Phase I Deployment, Phase II Deployment and Services segments) operates independently from our Content & Entertainment business. As of September 30, 2017, we had approximately $48.8 million of non-recourse outstanding debt principal that relates to, and is serviced by, our digital cinema business. We also have approximately $74.6 million of outstanding debt principal, as of September 30, 2017, that is attributable to our Content & Entertainment and Corporate segments of which, $46.8 million was retired subsequent to September 30, 2017.

Liquidity

We incurred consolidated net loss of $ 7.5 million and $12.6 million for the three and six months ended September 30, 2017, respectively, and a net loss of $0.5 million and $5.1 million for the three and six months ended September 30, 2016, respectively. We have an accumulated deficit of $373.2 million as of September 30, 2017. In addition we have significant debt-related contractual obligations for the fiscal year ended March 31, 2018 and beyond.

On November 1, 2017, in connection with the Stock Purchase Agreement with a strategic partner, (the "Stock Purchase Agreement") we sold 20,000,000 shares of our Class A Common Stock for an aggregate purchase price of $30.0 million, of which 19,666,667 shares were sold to the strategic partner, and 333,333 shares were sold to the CEO of the Company. In addition, we completed the exchanges under the Exchange Agreements with holders of Convertible Notes, representing approximately 99% of the principal amount of our outstanding 5.5% Convertible Notes due 2035, whereby $46.3 million principal amount of the Convertible Notes were exchanged for a combination of $17.1 million in cash and 2,221,457 shares of Class A Common Stock. The Convertible Notes were immediately retired.

On November 7, 2017, we exchanged the remaining balance of $0.5 million of Convertible Notes with the holder in exchange for cash and the Convertible Notes were immediately retired.

As a result of the of the transactions described above, the strategic partner became a majority holder of the outstanding Class A Common Stock and is entitled to designate two (2) members of the Company's Board of Directors, the size of which is set at seven (7) members.

We believe the combination of: (i) our cash and restricted cash balances at September 30, 2017, (ii) implemented and planned cost reduction initiatives, (iii) the availability of debt financing secured in 2017, (iv) the close of the transaction of the strategic partner, and (v) expected cash flows from operations will be sufficient to satisfy our liquidity and capital requirements for at least a year after these consolidated interim financial statements are issued. Our capital requirements will depend on many factors, and we may need to develop and formulate operating plans with our new strategic partner to use available capital resources and raise additional capital. Failure to generate additional revenues, raise additional capital or manage discretionary spending could have an adverse effect on our financial position, results of operations and liquidity.

Results of Operations for the Three Months Ended September 30, 2017 and 2016

Revenues

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| ($ in thousands) | 2017 | 2016 | $ Change | % Change |
| Phase I Deployment | $5,329 | $9,592 | $(4,263) | (44 )% |
| Phase II Deployment | 2,591 | 3,273 | (682 ) | (21 )% |
| Services | 2,105 | 3,122 | (1,017 ) | (33 )% |
| Content & Entertainment | 6,253 | 7,893 | (1,640 ) | (21 )% |
| | $16,278 | $23,880 | $(7,602) | (32 )% |

Decreased revenues in our Phase I and Phase II Deployment businesses reflects a reduced number of Phase I Systems earning VPF revenue compared to the prior period. Since December of 2015, 3,241 of our Phase I Systems, in 290 theatre locations (the "Expired Theatres"), have reached the end of their deployment agreement periods and, therefore, have ceased to earn VPF revenues from certain major studios. The number of Expired Theatres as of September 30, 2017 represents 89% of the theatres in which we have Phase I Systems installed. The remainder of our Phase I Systems will cease to earn VPF revenues from certain major studios in third quarter of our fiscal year ending March 31, 2018.

Revenue generated by our Services segment decreased primarily as a result of the lower VPF revenues earned by our Phase I Deployment business. Our Services segment earns commissions on VPF revenue generated by the Phase I and Phase II deployment segments and therefore we expect this segment's revenues to continue to decrease in proportion to the revenues generated by our Phase I business as a result of Expired Theaters and the resulting reduction of VPF revenues.

Revenues at our Content & Entertainment segment decreased due to lower overall sales volumes across both physical and digital sales channels combined with a significant shift in product mix towards lower margin content.

Direct Operating Expenses

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| ($ in thousands) | 2017 | 2016 | $ Change | % Change |
| Phase I Deployment | $263 | $211 | $52 | 25 % |
| Phase II Deployment | 79 | 49 | 30 | 61 % |
| Services | 10 | 2 | 8 | 400 % |
| Content & Entertainment | 3,689 | 4,640 | (951 ) | (20 )% |
| | $4,041 | $4,902 | $(861 ) | (18 )% |

Direct operating expenses decreased in the three months ended September 30, 2017 compared to the prior period, primarily from a corresponding decrease in revenue in our CEG business. The current period also reflects reduced costs related to marketing and content acquisition costs as we intentionally focused more on developing OTT channel entertainment in the 2018 fiscal year.

Selling, General and Administrative Expenses

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| ($ in thousands) | 2017 | 2016 | $ Change | % Change |
| Phase I Deployment | $83 | $116 | $(33 ) | (28 )% |
| Phase II Deployment | 87 | 23 | 64 | 278 % |
| Services | 258 | 71 | 187 | 263 % |
| Content & Entertainment | 3,903 | 3,475 | 428 | 12 % |
| Corporate | 1,916 | 1,554 | 362 | 23 % |
| | $6,247 | $5,239 | $1,008 | 19 % |

The increase in selling, general and administrative expense is primarily due to the reversal of an accrual for incentive compensation of $1.1 million for the three months ended September 30, 2016. Without this transaction these expenses are consistent with the prior period.

Provision for Doubtful Accounts

The increase of $0.9 million in the provision for doubtful accounts is primarily due to two content providers. We are currently in negotiation with one provider on revising their contract's end-date and expect to settle on their outstanding balance soon. We also recorded a provision on a portion of the receivable for another content provider, due to their recent financial and legal difficulties.

Depreciation and Amortization Expense on Property and Equipment

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| ($ in thousands) | 2017 | 2016 | $ Change | % Change |
| Phase I Deployment | $1,596 | $5,629 | $(4,033) | (72 )% |
| Phase II Deployment | 1,880 | 1,880 | — | — % |
| Content & Entertainment | 82 | 67 | 15 | 22 % |
| Corporate | 87 | 187 | (100 ) | (53 )% |

| | | | |
|---|---|---|---|
| $3,645 | $7,763 | $(4,118) | (53 )% |

Depreciation and amortization expense decreased primarily in our Phase I Deployment segment as several of our digital cinema projection systems reached the conclusion of their ten-year useful lives through September 30, 2017.

Interest expense, net

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| ($ in thousands) | 2017 | 2016 | $ Change | % Change |
| Phase I Deployment | $1,843 | $2,737 | $(894) | (33)% |
| Phase II Deployment | 86 | 290 | (204) | (70)% |
| Corporate | 2,046 | 2,084 | (38) | (2)% |
| | $3,975 | $5,111 | $(1,136) | (22)% |

Interest expense reported by our Phase I and Phase II Deployment segments decreased primarily as a result of reduced debt balances compared to the prior period and the payoff of one of our KBC facilities. We expect interest expense related to the KBC Facilities to continue to decrease as we continue to paydown such balances. In addition, in fiscal year ended March 31, 2017, we repaid the entire remaining balance of the 2013 Term Loans and therefore no longer have any interest expense related to the 2013 Term Loans in our Phase I business.

Income Tax Expense

We recorded income tax expense of $0.2 million and $0.1 million for the three months ended September 30, 2017 and 2016, respectively, in our Phase I and Corporate segments, for state income taxes.

Debt conversion expense and loss on extinguishment of notes payable

We recorded debt conversion expense and loss on extinguishment of notes payable of $3.2 million and $0 for the three months ended September 30, 2017 and 2016, respectively, for the conversion of $3.8 million of Convertible Notes.

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.

Adjusted EBITDA (including the results of Phase I and Phase II Deployments segments) for the three months ended September 30, 2017 decreased 59% compared to the three months ended September 30, 2016. Adjusted EBITDA loss from our non-deployment businesses was negative $1.0 million for the three months ended September 30, 2017 compared to $2.0 million for the three months ended September 30, 2016. The decrease in Adjusted EBITDA compared to the prior period primarily reflects lower revenue in all of our business segments, partially offset by savings from our restructuring initiatives which began in the third quarter of fiscal year 2016 and are expected to be completed through the remainder of fiscal year 2018.

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

We present Adjusted EBITDA because we believe that Adjusted EBITDA is a useful supplement to net loss 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:

| | Three Months Ended September 30, | |
|---|---|---|
| ($ in thousands) | 2017 | 2016 |
| Net loss | $(7,465) | $(483) |
| Add Back: | | |
| Income tax expense | 196 | 43 |
| Depreciation and amortization of property and equipment | 3,645 | 7,763 |
| Amortization of intangible assets | 1,395 | 1,464 |
| Interest expense, net | 3,975 | 5,111 |
| Debt conversion expense and loss on extinguishment of notes payable | 3,205 | — |
| Other (expense) income, net | 233 | (141) |
| Change in fair value of interest rate derivatives | (43) | (38) |
| Provision for doubtful accounts | 393 | — |
| Stock-based compensation and expenses | 330 | 742 |
| Restructuring, transition and acquisition expenses, net | — | 20 |
| Net loss attributable to noncontrolling interest | 11 | 15 |
| Adjusted EBITDA | $5,875 | $14,496 |
| | | |
| Adjustments related to the Phase I and Phase II Deployments: | | |
| Depreciation and amortization of property and equipment | $(3,476) | $(7,509) |
| Amortization of intangible assets | (12) | (12) |
| Provision for doubtful accounts | (393) | — |
| Income from operations | (2,971) | (4,945) |
| Adjusted EBITDA from non-deployment businesses | $(977) | $2,030 |

Upon the closing of the transaction with the strategic partner, certain amounts in Adjusted EBITDA could be different going forward.

Results of Operations for the Six Months Ended September 30, 2017 and 2016

Revenues

| | Six Months Ended September 30, | | | |
|---|---|---|---|---|
| ($ in thousands) | 2017 | 2016 | $ Change | % Change |
| Phase I Deployment | $9,660 | $18,756 | $(9,096) | (48)% |
| Phase II Deployment | 5,652 | 6,453 | (801) | (12)% |
| Services | 4,501 | 6,417 | (1,916) | (30)% |
| Content & Entertainment | 11,705 | 14,729 | (3,024) | (21)% |
| | $31,518 | $46,355 | $(14,837) | (32)% |

Decreased revenues in our Phase I and Phase II Deployment businesses reflects a reduced number of Phase I Systems earning VPF revenue compared to the prior period. Since December of 2015, 3,241 of our Phase I Systems, in 290 theatre locations (the "Expired Theatres"), have reached the end of their deployment agreement periods and, therefore, have ceased to earn VPF revenues from certain major studios. The number of Expired Theatres as of September 30, 2017 represents 89% of the theatres in which we have Phase I Systems installed. The remainder of our Phase I Systems will cease to earn VPF revenues from certain major studios in third quarter of our fiscal year ending March 31, 2018.

Revenue generated by our Services segment decreased primarily as a result of the lower VPF revenues earned by our Phase I Deployment business. Our Services segment earns commissions on VPF revenue generated by the Phase I and Phase II deployment segments and therefore we expect this segment's revenues to continue to decrease in proportion to the revenues generated by our Phase I business as a result of Expired Theaters and the resulting reduction of VPF revenues.

Revenues at our Content & Entertainment segment decreased due to lower overall sales volumes for physical product and a change in the mix of content sold. Our traditional DVD and Blu-ray business continues to be negatively impacted by changing consumer behaviors and digital market shift to more original productions has lowered demand for third party content. Our product mix has also shifted significantly toward licensed content in the current period.

The decline in physical product sales was partially offset by a $0.1 million increase in sales related to our OTT channels and a slight increase in distribution related revenues. We continued to shift our strategy toward developing and marketing a portfolio of narrowcast OTT channels.

Direct Operating Expenses

| | Six Months Ended September 30, | | | |
|---|---|---|---|---|
| ($ in thousands) | 2017 | 2016 | $ Change | % Change |
| Phase I Deployment | $551 | $434 | $117 | 27 % |
| Phase II Deployment | 190 | 102 | 88 | 86 % |
| Services | 10 | 1 | 9 | 900 % |
| Content & Entertainment | 7,356 | 10,053 | (2,697) | (27)% |
| | $8,107 | $10,590 | $(2,483) | (23)% |

Direct operating expenses decreased in the six months ended September 30, 2017 compared to the prior period, primarily resulted from a corresponding decrease in revenue in our CEG business. In addition, direct operating expenses in the prior period included higher third party distribution costs and higher OTT platform and content distribution costs. The current period also reflects reduced costs related to marketing and content acquisitions costs as we intentionally focused more on developing OTT channel entertainment in the 2018 fiscal year.

Selling, General and Administrative Expenses

| | Six Months Ended September 30, | | | |
|---|---|---|---|---|
| ($ in thousands) | 2017 | 2016 | $ Change | % Change |
| Phase I Deployment | $183 | $249 | $ (66 ) | (27 )% |
| Phase II Deployment | 166 | 82 | 84 | 102 % |
| Services | 521 | 302 | 219 | 73 % |
| Content & Entertainment | 7,884 | 7,544 | 340 | 5 % |
| Corporate | 3,811 | 3,497 | 314 | 9 % |
| | $12,565 | $11,674 | $ 891 | 8 % |

The increase in selling, general and administrative expense is primarily due to the reversal of an accrual for incentive compensation of $1.1 million for the six months ended September 30, 2016. Without this transaction these expenses are consistent with the prior period.

Provision for Doubtful Accounts

The increase of $0.9 million in the provision for doubtful accounts is primarily due to two content providers. We are currently in negotiation with one provider on revising their contract's end-date and expect to settle on their outstanding balance soon. We also recorded a provision on a portion of the receivable for another content provider, due to their recent financial and legal difficulties.

Depreciation and Amortization Expense on Property and Equipment

| | Six Months Ended September 30, | | | |
|---|---|---|---|---|
| ($ in thousands) | 2017 | 2016 | $ Change | % Change |
| Phase I Deployment | $3,916 | $12,020 | $(8,104) | (67 )% |
| Phase II Deployment | 3,761 | 3,761 | — | — % |
| Content & Entertainment | 151 | 135 | 16 | 12 % |
| Corporate | 174 | 371 | (197 ) | (53 )% |
| | $8,002 | $16,287 | $(8,285) | (51 )% |

Depreciation and amortization expense decreased, primarily in our Phase I Deployment segment, as several of our digital cinema projection systems reached the conclusion of their ten-year useful lives through September 30, 2017.

Interest expense, net

| | Six Months Ended September 30, | | | |
|---|---|---|---|---|
| ($ in thousands) | 2017 | 2016 | $ Change | % Change |
| Phase I Deployment | 3,771 | 5,557 | (1,786 ) | (32 )% |
| Phase II Deployment | 185 | 600 | (415 ) | (69 )% |
| Corporate | 4,060 | 3,889 | 171 | 4 % |
| | $8,016 | $10,046 | $(2,030) | (20 )% |

Interest expense reported by our Phase I and Phase II Deployment segments decreased primarily as a result of reduced debt balances compared to the prior period and the paydown of one of our KBC facilities. We expect interest expense related to the KBC Facilities to continue to decrease as we continue to pay-down such balances. In addition, in fiscal year ended March 31, 2017, we repaid the entire remaining balance of the 2013 Term Loans and therefore no longer have any interest expense related to the 2013 Term Loans in our Phase I business.

Income Tax Expense

We recorded income tax expense from continuing operations of $0.4 million and $0.1 million for the six months ended September 30, 2017 and 2016, respectively, in our Phase I and Corp segments for state income taxes.

Debt conversion expense and loss on extinguishment of notes payable

We recorded debt conversion expense and loss on extinguishment of notes payable of $3.2 million and $0 for the six months ended September 30, 2017 and 2016, respectively, for the conversion of $3.8 million of Convertible Notes.

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.

Adjusted EBITDA (including the results of Phase 1 and Phase II Deployments segments) for the six months ended September 30, 2017 decreased  55% compared to the six months ended September 30, 2016. Adjusted EBITDA from our non-deployment businesses was  negative $2.4 million for the six months ended September 30, 2017, compared to an EBITDA of  $0.8 million for the six months ended September 30, 2016. The decrease in Adjusted EBITDA compared to the prior period primarily reflects lower revenue in all of our business segments, partially offset by savings from our restructuring initiatives which began in the third quarter of fiscal year 2016 and are expected to be completed through the remainder of fiscal year 2018.

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

We present Adjusted EBITDA because we believe that Adjusted EBITDA is a useful supplement to net loss 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:

| | Six Months Ended September 30, | |
|---|---|---|
| ($ in thousands) | 2017 | 2016 |
| Net loss | $(12,617) | $(5,058 ) |
| Add Back: | | |
| Income tax expense | 382 | 110 |
| Depreciation and amortization of property and equipment | 8,002 | 16,287 |
| Amortization of intangible assets | 2,790 | 2,927 |
| Interest expense, net | 8,016 | 10,046 |
| Debt conversion expense and loss on extinguishment of notes payable | 3,205 | — |
| Other (expense) income, net | 502 | (266 ) |
| Change in fair value of interest rate derivatives | (83 ) | (65 ) |
| Provision for doubtful accounts | 393 | — |
| Stock-based compensation and expenses | 647 | 1,020 |
| Restructuring, transition and acquisition expenses, net | — | 110 |
| Net loss attributable to noncontrolling interest | 17 | 36 |
| Adjusted EBITDA | $11,254 | $25,147 |
| | | |
| Adjustments related to the Phase I and Phase II Deployments: | | |
| Depreciation and amortization of property and equipment | $(7,677 ) | $(15,781) |
| Amortization of intangible assets | (23 ) | (23 ) |
| Provision for doubtful accounts | (393 ) | — |
| Income from operations | (5,573 ) | (8,538 ) |
| Adjusted EBITDA from non-deployment businesses | $(2,412 ) | $805 |

Upon the closing of the transaction with the strategic partner, certain amounts in Adjusted EBITDA could be different going
forward.

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 consolidated 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.

The critical accounting estimates and assumptions have not materially changed from those identified in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2017.

Recent Accounting Pronouncements

In May, 2017, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2017-09, “Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting,” clarifying when a change to the terms or conditions of a share-based payment award must be accounted for as a modification. The new guidance requires modification accounting if the fair value, vesting condition or the classification of the award is not the same immediately before and after a change to the terms and conditions of the award. The new guidance is effective for the Company on a prospective basis beginning on January 1, 2018, with early adoption permitted.  The adoption of this guidance is not expected to have a material impact on the Company’s consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-03 which amended Accounting Changes and Error Corrections (Topic 250) to state that registrants should consider additional qualitative disclosures if the impact of an issued but not yet adopted ASU is unknown or cannot be reasonably estimated and to include a description of the effect of the accounting policies that the registrant expects to apply, if determined. Transition guidance included in certain issued but not yet adopted ASUs was also updated to reflect this amendment.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, the new guidance eliminates the need to determine the fair value of individual assets and liabilities of a reporting unit to measure a goodwill impairment. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value. The revised guidance will be applied prospectively, and is effective for calendar year-end SEC filers in 2020. Early adoption is permitted for any impairment tests performed after April 1, 2017. The new guidance is not expected to have a material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business,” which provides additional guidance on evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The guidance requires an entity to evaluate if substantially all the fair value of the assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the new guidance would define this as an asset acquisition; otherwise, the entity then evaluates whether the asset meets the requirement that a business include, at a minimum, an input and substantive process that together significantly contribute to the ability to create outputs. The guidance is effective for the Company on a prospective basis beginning on January 1, 2018, with early adoption permitted. This new guidance is not expected to have a material impact on the Company’s Consolidated Financial Statements.

In May 2014, the FASB issued new accounting guidance on revenue recognition. The new standard, issued Accounting Standards Update ("ASU") as ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)”, provides for a single five-step model to be applied to all revenue contracts with customers as well as requires additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows relating to customer contracts. During 2016, the FASB issued several accounting updates (ASU No. 2016-08, 2016-10 and 2016-12) to clarify implementation guidance and correct unintended application of the guidance. Companies have an option to use either a retrospective approach or cumulative effect adjustment approach to implement the standard. The guidance will be effective during our fiscal year ending March 31, 2019 with early adoption permitted. We are in the process of gathering information, assessing our revenue streams and evaluating the impact of the adoption of this accounting standard update on our consolidated financial statements.

Liquidity and Capital Resources

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

We may continue to generate net losses in the future primarily due to depreciation and amortization, interest on notes payable, marketing and promotional activities and content acquisition and marketing costs. Certain of these costs, including costs of content acquisition, marketing and promotional activities, could be reduced if necessary. The restrictions imposed by our debt agreements may limit our ability to obtain financing, make it more difficult to satisfy our debt obligations or require us to dedicate a substantial portion of our cash flow to payments on our existing debt obligations. The Prospect Loan requires certain screen turn performance from certain of our Phase I and Phase II subsidiaries. While such restrictions may reduce the availability of our cash flow to fund working capital, capital expenditures and other corporate requirements, we do not have similar restrictions imposed upon our CEG businesses. We may seek to raise additional capital as necessary. Failure to generate additional revenues, raise additional capital or manage discretionary spending could have an adverse effect on our financial position, results of operations or liquidity.

On November 1, 2017, in connection with the Stock Purchase Agreement with a strategic partner, (the "Stock Purchase Agreement") we sold 20,000,000 shares of our Class A Common Stock for an aggregate purchase price of $30.0 million, of which 19,666,667 shares were sold to the strategic partner, and 333,333 shares were sold to the CEO of the Company. In addition, we consummated exchange agreements with holders of Convertible Notes, representing approximately 99% of the principal amount of our outstanding 5.5% Convertible Notes due 2035, whereby $46.3 million principal amount of the Convertible Notes were exchanged for a combination of the cash amount of $17.1 million and 2,221,457 shares of Class A Common Stock. The Convertible Notes were immediately retired.

On November 7, 2017, we exchanged the remaining balance of $0.5 million of Convertible Notes with the holder thereof in exchange for cash and the Convertible Notes were immediately retired.

As a result of the of the transactions described above, the strategic partner became a majority holder of the outstanding Class A Common Stock and is entitled to designate two (2) members of the Company's Board of Directors, the size of which is set at seven (7) members.

Our business is primarily driven by the growth in global demand for video entertainment content in all forms and, in particular, the shifting consumer demand for content in digital forms within home and mobile devices as well as the maturing digital cinema marketplace. Our primary revenue drivers are expected to be the increasing number of digitally equipped devices/screens and the demand for entertainment content in theatrical, home and mobile ancillary markets. According to the Motion Picture Association of America, there were approximately 43,600 domestic (United States and Canada) movie theatre screens and approximately 152,000 screens worldwide, of which approximately 42,500 of the domestic screens were equipped with digital cinema technology, and more than 12,000 of those screens contained our Systems. Historically, the number of digitally equipped screens in the marketplace has been a significant determinant of our potential revenue. Going forward, the expansion of our content business into ancillary distribution markets and digital distribution of narrowcast OTT content are expected to be the primary drivers of our revenues.

Non-Recourse Indebtedness

Our Phase I and Phase II Deployment businesses have historically been financed through a series of non-recourse loans. Certain of the subsidiaries that make up our Phase I and Phase II Deployment businesses have pledged their assets as collateral for, and are liable with respect to, certain indebtedness for which the assets of our other subsidiaries generally are not. We have referred to this indebtedness as "non-recourse debt" because the recourse of the lenders is limited to the assets of specific subsidiaries. Such indebtedness includes the Prospect Loan, the KBC Facilities, the 2013 Term Loans, the P2 Vendor Note and the P2 Exhibitor Notes. The balance of our non-recourse debt, net of related debt issuance costs, as of September 30, 2017 was $46.3 million for our Phase I and Phase II Deployment segments, which matures as presented in the Contractual Obligations table below. We continue to expect cash flows from our Phase I and II deployment operations will be sufficient to satisfy our liquidity and contractual requirements that are linked to these operations.

Cinedigm Credit Agreement

The Cinedigm Credit Agreement allowed for us to borrow revolving loans of up to $17.1 million, subject to certain liquidity requirements. As of September 30, 2017, $12.0 million of the revolving loans was drawn upon with no amount available for borrowing. We generally use the revolving loans under the Cinedigm Credit Agreement for working capital needs and to invest in entertainment content, and the loans are supported by the cash flows from our media library. The revolving loans under the Cinedigm Credit Agreement bear interest at a Base Rate plus 3.5% or LIBOR plus 4.5%, at our election, and mature on March 31, 2018. As of November 14, 2017, the maximum principal amount available under the Cinedigm Credit Agreement was reduced to $11.8 million from $17.1 million.

Convertible Notes

In connection with the Stock Purchase Agreement with a strategic partner on July 10, 2017, the Company entered into two Exchange Agreements with holders of the Convertible Notes, representing approximately 99% of the principal amount of the Company's outstanding 5.5% Convertible Senior Notes due in 2035 to exchange their notes into cash, Class A Common Stock, Second Lien Loans or a combination thereof in order to decrease the debt obligations of the Company.

During the three months ended September 30, 2017, $3.8 million principal amount of Convertible Notes were converted in exchange for $1.5 million principal amount of Second Secured Lien Notes and 1,315,326 shares of our

Class A Common Stock pursuant to the Exchange Agreements.

On November 1, 2017, the Company completed the transactions contemplated by the Exchange Agreements exchanging a combination of $17.1 million cash and 2,221,457 shares of Class A Common Stock for $46.3 million principal amount of Convertible Notes, which were retired.

On November 7, 2017, the Company repurchased the remaining $0.5 million principal amount of outstanding Convertible Notes in accordance with their terms for $515,000 in cash plus accrued and unpaid interest thereon, resulting in the termination of the Convertible Notes facility.

On December 22, 2016, we entered into an exchange agreement pursuant to which we agreed to issue 450,000 shares of our Class A Common Stock, and warrants to purchase 200,000 shares of Common Stock in exchange for $3.4 million principal amount of the Convertible Notes. The exchanged notes were immediately canceled. The warrants, which become exercisable six months after issuance, have a five-year term, an exercise price of $1.60 per share, and customary anti-dilution provisions. The exchange was consummated on December 23, 2016.

On February 8, 2017, we entered into an exchange agreement pursuant to which we agreed to issue 450,000 shares of our Class A Common Stock and notes in the principal amount of $1.4 million pursuant to the Second Lien Loan Agreement in exchange for $4.0 million principal amount of 5.5% Convertible Notes with the holder of such Convertible Notes. The exchange was consummated on February 14, 2017.

On February 17, 2017, we entered into an exchange agreement pursuant to which we agreed to issue 675,000 shares of our Class A Common Stock and notes in the principal amount of $2.1 million pursuant to the Second Lien Loan Agreement in exchange for $6.0 million principal amount of 5.5% Convertible Notes with the holder of such Convertible Notes. The exchange was consummated on February 21, 2017.

Other Indebtedness

In October 2013, we issued notes to certain investors in the aggregate principal amount of $5.0 million (the "2013 Notes") and warrants to purchase 150,000 shares of Class A Common Stock to such investors.. The principal amount outstanding under the 2013 Notes is due on October 21, 2018 and the notes bear interest at 9.0% per annum, payable in quarterly installments.

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

Changes in our cash flows were as follows:

| | For the Six Months Ended September 30, | |
|---|---|---|
| ($ in thousands) | 2017 | 2016 |
| Net cash provided by operating activities | $20,460 | $13,852 |
| Net cash used in investing activities | (345 ) | (246 ) |
| Net cash used in financing activities | (23,020 ) | (24,675 ) |
| Net change in cash and cash equivalents | $(2,905 ) | $(11,069) |

As of September 30, 2017, we had cash and restricted cash balances of $10.7 million.

Net cash provided by operating activities is primarily driven by loss from operations, excluding non-cash expenses such as depreciation, amortization, bad debt provisions and stock-based compensation, offset by changes in working capital. We expect cash received from VPFs to continue to decrease in the third quarter of our current fiscal year as more Phase I Systems reach the conclusion of their deployment payment period with certain major studios. Changes in accounts receivable from our studio customers largely impact cash flows from operating activities and vary based on the seasonality of movie release schedules by the major studios. Operating cash flows from CEG are typically higher during our fiscal third and fourth quarters, resulting from revenues earned during the holiday season, and lower in the following 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. To manage working capital fluctuations, we have a revolving line of credit that allowed for borrowings of up to $17.1 million, of which no amount was available for borrowing as of September 30, 2017.

On November 9, 2017, we entered into an amendment to maintain the minimum liquidity at $0.8 million until the maturity date of the Revolving Maturity date. This amendment also reduced the revolving aggregate maximum credit amount by $2.0 million on each of January 31, 2018 and February 28, 2018 if the outstanding obligations are not repaid in full by such date. On November 14, 2017, the maximum principal amount available was reduced to $11.8 million. Our selling, general and administrative expenses increased by $0.9 million primarily due to a reversal of accruals for incentive compensation of $1.1 million for the six months ended September 30, 2016. We have undertaken initiatives to reduce cash operating expenses further in the future, including relocating our office from Century City, California to Sherman Oaks, California, which is expected to reduce operating expenses by $0.7 million annually. We expect operating activities to continue to be a positive source of cash.

Cash flows used in investing activities consisted of purchases of property and equipment.

For the six months ended September 30, 2017, cash flows used in financing activities primarily reflects payments of $22.7 million on our long-term debt arrangements and credit facilities.

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

The following table summarizes our significant contractual obligations as of September 30, 2017:

| | Payments Due | | | | |
|---|---|---|---|---|---|
| Contractual Obligations (in thousands) | Total | 2018 | 2019 & 2020 | 2021 & 2022 | Thereafter |
| Long-term recourse debt | $74,581 | $58,746 | $15,835 | $— | $ — |
| Long-term non-recourse debt [(1)] | 48,763 | 3,814 | 891 | 44,058 | — |
| Capital lease obligations | 8 | 8 | — | — | — |
| Debt-related obligations, principal | $123,352 | $62,568 | $16,726 | $44,058 | $ — |
| | | | | | |
| Interest on recourse debt | $9,463 | $2,773 | $6,690 | $— | $ — |
| Interest on non-recourse debt [(1)] | 21,293 | 6,193 | 12,093 | 3,007 | — |
| Interest on capital leases | — | — | — | — | — |
| Total interest | $30,756 | $8,966 | $18,783 | $3,007 | $ — |
| Total debt-related obligations | $154,108 | $71,534 | $35,509 | $47,065 | $ — |
| | | | | | |
| Total non-recourse debt including interest | $70,056 | $10,007 | $12,984 | $47,065 | $ — |
| Operating lease obligations | $4,656 | $773 | 1,813$2,070 | $1,813 | $ — |

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

Seasonality

Revenues from our Phase I Deployment and Phase II Deployment segments 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. Our CEG segment benefits from the winter holiday season, and as a result, revenues in the segment are typically highest in our fiscal third quarter, however we believe the seasonality of motion picture exhibition is becoming less pronounced as the motion picture studios are releasing movies more evenly throughout the year.

Off-balance sheet arrangements

We are not a party to any off-balance sheet arrangements, other than operating leases in the ordinary course of business, which are disclosed above in the table of our significant contractual obligations, and CDF2 Holdings, LLC ("CDF2 Holdings"), our wholly owned unconsolidated subsidiary. As discussed further in Note 3 - Other Interests to the Condensed Consolidated Financial Statements included in Item 1 of this Report on Form 10-Q, 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 4. CONTROLS AND PROCEDURES

A control system, no matter how well conceived and operated, can provide only reasonable assurance, not absolute assurance that the objective of the control system will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. Because of the inherent limitations in a cost-effective control system, misstatement due to error or fraud may occur and not be detected. However, our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives.

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 Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of September 30, 2017.
Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of such period, the Company’s disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including the Company’s principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

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

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

None.

### ITEM 1A. RISK FACTORS

There have been no material changes to the Risk Factors disclosed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2017.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

### ITEM 5. OTHER INFORMATION

None.

### ITEM 6. EXHIBITS

The exhibits are listed in the Exhibit Index on page 41 herein.

EXHIBIT INDEX

| Exhibit<br>Number | Description of Document |
|---|---|
| 10.1 | Waiver of the Second Amended and Restated Credit Agreement, dated as of November 9, 2017, among Cinedigm Corp., the Lenders party thereto and Société Générale as Administrative Agent. |
| 10.2 | Form of Notice of Performance-Based Restricted Stock Award |
| 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 | XBRL Instance Document. |
| 101.SCH | XBRL Taxonomy Extension Schema. |
| 101.CAL | XBRL Taxonomy Extension Calculation. |
| 101.DEF | XBRL Taxonomy Extension Definition. |
| 101.LAB | XBRL Taxonomy Extension Label. |
| 101.PRE | XBRL Taxonomy Extension Presentation. |

## 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: November 16, 2017 By: /s/ Christopher J. McGurk
Christopher J. McGurk
Chief Executive Officer and Chairman of the Board of Directors
(Principal Executive Officer)

Date: November 16, 2017 By: /s/ Jeffrey S. Edell
Jeffrey S. Edell
Chief Financial Officer (Principal Financial Officer)