

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

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2023

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission File Number: 1-35106

**AMC Networks Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

11 Penn Plaza,  
New York, NY  
(Address of principal executive offices)

27-5403694  
(I.R.S. Employer  
Identification No.)

10001  
(Zip Code)

(212) 324-8500

(Registrant's telephone number, including area code)  
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.01 per share	AMCX	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company (as defined in Exchange Act Rule 12b-2).

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

The number of shares of common stock outstanding as of October 27, 2023:

Class A Common Stock par value \$0.01 per share	32,073,020
Class B Common Stock par value \$0.01 per share	11,484,408

**AMC NETWORKS INC. AND SUBSIDIARIES**  
**FORM 10-Q**  
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**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements.**

**AMC NETWORKS INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except per share amounts)  
(unaudited)

<b>ASSETS</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 955,187	\$ 930,002
Accounts receivable, trade (less allowance for doubtful accounts of \$9,581 and \$8,725)	657,656	722,185
Current portion of program rights, net	11,978	10,807
Prepaid expenses and other current assets	276,284	286,875
Total current assets	1,901,105	1,949,869
Property and equipment, net of accumulated depreciation of \$390,887 and \$344,906	172,897	202,034
Program rights, net	1,807,549	1,762,939
Intangible assets, net	300,763	354,676
Goodwill	640,143	643,419
Deferred tax assets, net	15,542	13,618
Operating lease right-of-use assets	81,783	108,229
Other assets	471,003	599,052
Total assets	<u>\$ 5,390,785</u>	<u>\$ 5,633,836</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 103,575	\$ 172,009
Accrued liabilities	373,403	419,065
Current portion of program rights obligations	257,508	374,115
Deferred revenue	69,796	134,883
Current portion of long-term debt	459,063	33,750
Current portion of lease obligations	36,822	36,411
Total current liabilities	1,300,167	1,170,233
Program rights obligations	146,924	200,869
Long-term debt, net	2,334,216	2,778,703
Lease obligations	99,116	124,799
Deferred tax liabilities, net	117,687	112,642
Other liabilities	84,988	139,108
Total liabilities	<u>4,083,098</u>	<u>4,526,354</u>
Commitments and contingencies		
Redeemable noncontrolling interests	225,400	253,669
<b>Stockholders' equity:</b>		
Class A Common Stock, \$0.01 par value, 360,000 shares authorized, 66,666 and 66,118 shares issued and 32,073 and 31,525 shares outstanding, respectively	666	661
Class B Common Stock, \$0.01 par value, 90,000 shares authorized, 11,484 shares issued and outstanding	115	115
Preferred stock, \$0.01 par value, 45,000 shares authorized; none issued	—	—
Paid-in capital	372,925	360,251
Accumulated earnings	2,342,914	2,105,641
Treasury stock, at cost (34,593 and 34,593 shares Class A Common Stock, respectively)	(1,419,882)	(1,419,882)
Accumulated other comprehensive loss	(246,052)	(239,798)
Total AMC Networks stockholders' equity	1,050,686	806,988
Non-redeemable noncontrolling interests	31,601	46,825
Total stockholders' equity	1,082,287	853,813
Total liabilities and stockholders' equity	<u>\$ 5,390,785</u>	<u>\$ 5,633,836</u>

See accompanying notes to condensed consolidated financial statements.

**AMC NETWORKS INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except per share amounts)  
(unaudited)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenues, net	\$ 636,954	\$ 681,843	\$ 2,033,029	\$ 2,132,025
Operating expenses:				
Technical and operating (excluding depreciation and amortization)	284,900	293,459	933,590	903,468
Selling, general and administrative	187,232	207,972	567,136	670,444
Depreciation and amortization	28,009	29,735	79,629	79,556
Impairment and other charges	5,400	—	30,282	—
Restructuring and other related charges	10,563	—	22,537	—
Total operating expenses	516,104	531,166	1,633,174	1,653,468
Operating income	120,850	150,677	399,855	478,557
Other income (expense):				
Interest expense	(38,757)	(34,308)	(115,304)	(97,085)
Interest income	11,686	3,625	26,944	8,552
Miscellaneous, net	(2,211)	(1,546)	12,518	3,540
Total other expense	(29,282)	(32,229)	(75,842)	(84,993)
Income from operations before income taxes	91,568	118,448	324,013	393,564
Income tax expense	(23,671)	(28,456)	(82,725)	(103,118)
Net income including noncontrolling interests	67,897	89,992	241,288	290,446
Net income attributable to noncontrolling interests	(4,473)	(5,326)	(4,015)	(18,163)
Net income attributable to AMC Networks' stockholders	\$ 63,424	\$ 84,666	\$ 237,273	\$ 272,283
Net income per share attributable to AMC Networks' stockholders:				
Basic	\$ 1.44	\$ 1.96	\$ 5.42	\$ 6.32
Diluted	\$ 1.44	\$ 1.94	\$ 5.40	\$ 6.23
Weighted average common shares:				
Basic	43,951	43,238	43,786	43,070
Diluted	44,041	43,732	43,905	43,707

See accompanying notes to condensed consolidated financial statements.

**AMC NETWORKS INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in thousands)  
(unaudited)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net income including noncontrolling interests	\$ 67,897	\$ 89,992	\$ 241,288	\$ 290,446
Other comprehensive income (loss):				
Foreign currency translation adjustment	(27,860)	(54,896)	(6,216)	(125,229)
Comprehensive income	40,037	35,096	235,072	165,217
Comprehensive income attributable to noncontrolling interests	(3,389)	(3,136)	(4,053)	(13,114)
Comprehensive income attributable to AMC Networks' stockholders	<u>\$ 36,648</u>	<u>\$ 31,960</u>	<u>\$ 231,019</u>	<u>\$ 152,103</u>

See accompanying notes to condensed consolidated financial statements.

**AMC NETWORKS INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in thousands)  
(unaudited)

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Accumulated Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	AMC Networks Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
<b>Balance, June 30, 2023</b>	\$ 666	\$ 115	\$ 366,553	\$ 2,279,490	\$ (1,419,882)	\$ (219,276)	\$ 1,007,666	\$ 32,585	\$ 1,040,251
Net income attributable to AMC Networks' stockholders	—	—	—	63,424	—	—	63,424	—	63,424
Net income attributable to non-redeemable noncontrolling interests	—	—	—	—	—	—	—	417	417
Distribution to noncontrolling member	—	—	—	—	—	—	—	(317)	(317)
Other comprehensive income (loss)	—	—	—	—	—	(26,776)	(26,776)	(1,084)	(27,860)
Share-based compensation expenses	—	—	6,378	—	—	—	6,378	—	6,378
Net share issuances under employee stock plans	—	—	(6)	—	—	—	(6)	—	(6)
<b>Balance, September 30, 2023</b>	\$ 666	\$ 115	\$ 372,925	\$ 2,342,914	\$ (1,419,882)	\$ (246,052)	\$ 1,050,686	\$ 31,601	\$ 1,082,287

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Accumulated Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	AMC Networks Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
<b>Balance, June 30, 2022</b>	\$ 660	\$ 115	\$ 341,403	\$ 2,285,664	\$ (1,419,882)	\$ (243,292)	\$ 964,668	\$ 48,778	\$ 1,013,446
Net income attributable to AMC Networks' stockholders	—	—	—	84,666	—	—	84,666	—	84,666
Net income attributable to non-redeemable noncontrolling interests	—	—	—	—	—	—	—	883	883
Distributions to noncontrolling member	—	—	—	—	—	—	—	(407)	(407)
Other comprehensive income (loss)	—	—	—	—	—	(52,706)	(52,706)	(2,190)	(54,896)
Share-based compensation expenses	—	—	7,050	—	—	—	7,050	—	7,050
Net share issuances under employee stock plans	1	—	(1,249)	—	—	—	(1,248)	—	(1,248)
<b>Balance, September 30, 2022</b>	\$ 661	\$ 115	\$ 347,204	\$ 2,370,330	\$ (1,419,882)	\$ (295,998)	\$ 1,002,430	\$ 47,064	\$ 1,049,494

See accompanying notes to condensed consolidated financial statements.

**AMC NETWORKS INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in thousands)  
(unaudited)

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Accumulated Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	AMC Networks Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
<b>Balance, December 31, 2022</b>	\$ 661	\$ 115	\$ 360,251	\$ 2,105,641	\$ (1,419,882)	\$ (239,798)	\$ 806,988	\$ 46,825	\$ 853,813
Net income attributable to AMC Networks' stockholders	—	—	—	237,273	—	—	237,273	—	237,273
Net income (loss) attributable to non-redeemable noncontrolling interests	—	—	—	—	—	—	—	(13,111)	(13,111)
Distributions to noncontrolling member	—	—	—	—	—	—	—	(2,151)	(2,151)
Other comprehensive income (loss)	—	—	—	—	—	(6,254)	(6,254)	38	(6,216)
Share-based compensation expenses	—	—	19,908	—	—	—	19,908	—	19,908
Net share issuances under employee stock plans	5	—	(7,234)	—	—	—	(7,229)	—	(7,229)
<b>Balance, September 30, 2023</b>	\$ 666	\$ 115	\$ 372,925	\$ 2,342,914	\$ (1,419,882)	\$ (246,052)	\$ 1,050,686	\$ 31,601	\$ 1,082,287

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Accumulated Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	AMC Networks Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
<b>Balance, December 31, 2021</b>	\$ 655	\$ 115	\$ 347,971	\$ 2,098,047	\$ (1,419,882)	\$ (175,818)	\$ 851,088	\$ 51,584	\$ 902,672
Net income attributable to AMC Networks' stockholders	—	—	—	272,283	—	—	272,283	—	272,283
Net income attributable to non-redeemable noncontrolling interests	—	—	—	—	—	—	—	5,192	5,192
Distributions to noncontrolling member	—	—	—	—	—	—	—	(3,366)	(3,366)
Purchase of noncontrolling interest, net of tax	—	—	(3,066)	—	—	—	(3,066)	(1,297)	(4,363)
Other comprehensive income (loss)	—	—	—	—	—	(120,180)	(120,180)	(5,049)	(125,229)
Share-based compensation expenses	—	—	23,862	—	—	—	23,862	—	23,862
Net share issuances under employee stock plans	6	—	(21,563)	—	—	—	(21,557)	—	(21,557)
<b>Balance, September 30, 2022</b>	\$ 661	\$ 115	\$ 347,204	\$ 2,370,330	\$ (1,419,882)	\$ (295,998)	\$ 1,002,430	\$ 47,064	\$ 1,049,494

See accompanying notes to condensed consolidated financial statements.

**AMC NETWORKS INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands) / (unaudited)

	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Net income including noncontrolling interests	\$ 241,288	\$ 290,446
<b>Adjustments to reconcile net income to net cash from operating activities:</b>		
Depreciation and amortization	79,629	79,556
Impairment and other charges	24,882	—
Share-based compensation expenses related to equity classified awards	19,671	23,862
Non-cash restructuring and other related charges	11,916	—
Amortization of program rights	626,685	610,099
Amortization of deferred carriage fees	15,662	24,747
Unrealized foreign currency transaction loss (gain)	7,778	(1,098)
Amortization of deferred financing costs and discounts on indebtedness	5,876	5,778
Bad debt expense	2,106	2,035
Deferred income taxes	2,973	46,292
Gain on investments	—	(4,084)
Other, net	(4,881)	(7,854)
<b>Changes in assets and liabilities:</b>		
Accounts receivable, trade	48,570	99,711
Prepaid expenses and other assets	146,321	(18,174)
Program rights and obligations, net	(844,332)	(1,065,937)
Income taxes payable	16,198	13,181
Deferred revenue	(65,548)	66,822
Deferred carriage fees, net	(4,725)	(22,285)
Accounts payable, accrued liabilities and other liabilities	(198,930)	(106,506)
Net cash provided by operating activities	131,139	36,591
<b>Cash flows from investing activities:</b>		
Capital expenditures	(28,392)	(33,510)
Return of capital from investees	696	1,771
Acquisition of investments	(283)	(5,002)
Loans to investees	—	(2,456)
Principal payment received on loan to investee	180	720
Proceeds from sale of investments	8,565	9,854
Net cash used in investing activities	(19,234)	(28,623)
<b>Cash flows from financing activities:</b>		
Payments for financing costs	(342)	—
Principal payments on long-term debt	(25,313)	(25,313)
Deemed repurchases of restricted stock units	(7,229)	(21,557)
Principal payments on finance lease obligations	(3,134)	(2,606)
Distributions to noncontrolling interests	(47,546)	(28,232)
Purchase of noncontrolling interests	(1,343)	(2,500)
Net cash used in financing activities	(84,907)	(80,208)
Net increase (decrease) in cash and cash equivalents from operations	26,998	(72,240)
Effect of exchange rate changes on cash and cash equivalents	(1,813)	(29,051)
Cash and cash equivalents at beginning of period	930,002	892,221
Cash and cash equivalents at end of period	<u>\$ 955,187</u>	<u>\$ 790,930</u>

See accompanying notes to condensed consolidated financial statements.



## Note 1. Description of Business and Basis of Presentation

### Description of Business

AMC Networks Inc. ("AMC Networks") and its subsidiaries (collectively referred to as the "Company," "we," "us," or "our") own and operate entertainment businesses and assets. The Company is comprised of two operating segments:

- *Domestic Operations:* Includes our programming services, which consist of our five national programming networks, our global streaming services, our AMC Studios operation and IFC Films. Our national programming networks are AMC, WE tv, BBC AMERICA, IFC, and SundanceTV. Our global streaming services consist of our targeted subscription streaming services (Acorn TV, Shudder, Sundance Now, ALLBLK, and HIDIVE) and AMC+. Our AMC Studios operation produces original programming for our programming networks and third parties and also licenses programming worldwide, and IFC Films is our film distribution business. The operating segment also includes AMC Networks Broadcasting & Technology, our technical services business, which primarily services most of the national programming networks.
- *International and Other:* Includes AMC Networks International ("AMCNI"), our international programming businesses consisting of a portfolio of channels around the world, and 25/7 Media, our production services business.

### Basis of Presentation

#### *Principles of Consolidation*

The consolidated financial statements include the accounts of AMC Networks and its subsidiaries in which a controlling financial interest is maintained or variable interest entities ("VIEs") in which the Company has determined it is the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation.

Investments in business entities in which the Company lacks control but does have the ability to exercise significant influence over operating and financial policies are accounted for using the equity method of accounting.

#### *Unaudited Interim Financial Statements*

These condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and Article 10 of Regulation S-X of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2022 contained in the Company's Annual Report on Form 10-K (our "2022 Form 10-K") filed with the SEC. The condensed consolidated financial statements presented in this Quarterly Report on Form 10-Q are unaudited; however, in the opinion of management, such financial statements reflect all adjustments, consisting solely of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods presented.

The results of operations for interim periods are not necessarily indicative of the results that might be expected for future interim periods or for the full year ending December 31, 2023.

#### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Significant estimates and judgments inherent in the preparation of the consolidated financial statements include the useful lives and methodologies used to amortize and assess recoverability of program rights, the estimated useful lives of intangible assets and the valuation and recoverability of goodwill and intangible assets.

## Note 2. Revenue Recognition

### Transaction Price Allocated to Future Performance Obligations

As of September 30, 2023, other than contracts for which the Company has applied the practical expedients, the aggregate amount of transaction price allocated to future performance obligations was not material to our consolidated revenues.

### Contract Balances from Contracts with Customers

The following table provides information about receivables, contract assets, and contract liabilities from contracts with customers.

(In thousands)	September 30, 2023	December 31, 2022
<b>Balances from contracts with customers:</b>		
Accounts receivable (including long-term receivables within Other assets)	\$ 765,333	\$ 1,003,505
Contract assets, short-term (included in Prepaid expenses and other current assets)	2,364	48,594
Contract liabilities, short-term (Deferred revenue)	69,796	134,883
Contract liabilities, long-term (Deferred revenue included in Other liabilities)	181	683

Revenue recognized for the nine months ended September 30, 2023 and 2022 relating to the contract liabilities at December 31, 2022 and 2021 was \$102.6 million and \$63.1 million, respectively.

In October 2023, the Company entered into an agreement enabling it to sell certain customer receivables to a financial institution on a recurring basis for cash. The transferred receivables will be fully guaranteed by a bankruptcy-remote entity and the financial institution that purchases the receivables will have no recourse to the Company's other assets in the event of non-payment by the customers. The Company can sell an indefinite amount of customer receivables under the agreement on a revolving basis, but the outstanding balance of unpaid customer receivables to the financial institution cannot exceed the initial program limit of \$125.0 million at any given time. As of the date of this report, the Company has not yet sold any customer receivables under this agreement.

### Note 3. Net Income per Share

The following is a reconciliation between basic and diluted weighted average common shares outstanding:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Basic weighted average common shares outstanding	43,951	43,238	43,786	43,070
Effect of dilution:				
Restricted stock units	90	494	119	637
Diluted weighted average common shares outstanding	44,041	43,732	43,905	43,707

As of September 30, 2023 and September 30, 2022, 1.9 million and 0.9 million, respectively, of restricted stock units have been excluded from diluted weighted average common shares outstanding, as their impact would have been anti-dilutive.

#### Stock Repurchase Program

The Company's Board of Directors previously authorized a program to repurchase up to \$1.5 billion of its outstanding shares of common stock (the "Stock Repurchase Program"). The Stock Repurchase Program has no pre-established closing date and may be suspended or discontinued at any time. For the three and nine months ended September 30, 2023 and 2022, the Company did not repurchase any shares of its Class A Common Stock. As of September 30, 2023, the Company had \$135.3 million of authorization remaining for repurchase under the Stock Repurchase Program.

### Note 4. Restructuring and Other Related Charges

On November 28, 2022, the Company commenced a restructuring plan (the "Plan") designed to achieve significant cost reductions in light of "cord cutting" and the related impacts being felt across the media industry as well as the broader economic outlook. The Plan encompasses initiatives that include, among other things, strategic programming assessments and organizational restructuring costs. The Plan is intended to improve the organizational design of the Company through the elimination of certain roles and centralization of certain functional areas of the Company. The programming assessments pertain to a broad mix of owned and licensed content, including legacy television series and films that will no longer be in active rotation on the Company's linear or streaming platforms.

AMC NETWORKS INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)  
(unaudited)

During the third quarter of 2023, the Company substantially completed the Plan and exited a portion of its office space in its corporate headquarters in New York and office space in Silver Spring, Maryland and Woodland Hills, California. In connection with exiting a portion of the New York office, the Company recorded impairment charges of \$11.6 million, consisting of \$9.1 million for operating lease right-of use assets and \$2.5 million for leasehold improvements. Fair values used to determine the impairment charge were determined using an income approach, specifically a discounted cash flow ("DCF") model. The DCF model includes significant assumptions about sublease income and enterprise specific discount rates. Given the uncertainty in determining assumptions underlying the DCF approach, actual results may differ from those used in the valuations.

As a result of the Plan, the Company recorded restructuring and other related charges of \$10.6 million and \$22.5 million for the three and nine months ended September 30, 2023, consisting primarily of charges relating to exiting a portion of office space in New York and severance and other personnel costs.

There were no restructuring and other related charges for the three and nine months ended September 30, 2022.

The following table summarizes the restructuring and other related charges (credits) recognized by operating segment:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023		2023	
Domestic Operations	\$	(783)	\$	3,940
International and Other		(4)		1,642
Corporate / Inter-segment eliminations		11,350		16,955
Total restructuring and other related charges	\$	10,563	\$	22,537

The following table summarizes the accrued restructuring and other related costs:

(In thousands)	Severance and Employee- Related Costs		Content Impairments and Other Exit Costs		Total
Balance at December 31, 2022	\$	37,150	\$	74,724	\$ 111,874
Charges (credits), net		13,444		9,093	22,537
Cash payments		(40,285)		(61,305)	(101,590)
Non-cash adjustments		—		(11,916)	(11,916)
Other		(56)		1,481	1,425
Balance at September 30, 2023	\$	10,253	\$	12,077	\$ 22,330

Accrued restructuring and other related costs of \$20.1 million and \$2.2 million are included in Accrued liabilities and Other liabilities, respectively, in the consolidated balance sheet at September 30, 2023. Accrued restructuring and other related costs of \$108.0 million and \$3.9 million are included in Accrued liabilities and Other liabilities, respectively, in the consolidated balance sheet at December 31, 2022.

**Note 5. Program Rights**

Total capitalized produced and licensed content by predominant monetization strategy is as follows:

(In thousands)	September 30, 2023		
	Predominantly Monetized Individually	Predominantly Monetized as a Group	Total
<b>Owned original program rights, net:</b>			
Completed	\$ 198,647	\$ 537,260	\$ 735,907
In-production and in-development	—	284,783	284,783
Total owned original program rights, net	\$ 198,647	\$ 822,043	\$ 1,020,690
<b>Licensed program rights, net:</b>			
Licensed film and acquired series	\$ 1,276	\$ 570,027	\$ 571,303
Licensed originals	2,084	134,300	136,384
Advances and content versioning costs	—	91,150	91,150
Total licensed program rights, net	3,360	795,477	798,837
Program rights, net	\$ 202,007	\$ 1,617,520	\$ 1,819,527
Current portion of program rights, net			\$ 11,978
Program rights, net (long-term)			1,807,549
			\$ 1,819,527

(In thousands)	December 31, 2022		
	Predominantly Monetized Individually	Predominantly Monetized as a Group	Total
<b>Owned original program rights, net:</b>			
Completed	\$ 215,496	\$ 322,248	\$ 537,744
In-production and in-development	45,098	294,086	339,184
Total owned original program rights, net	\$ 260,594	\$ 616,334	\$ 876,928
<b>Licensed program rights, net:</b>			
Licensed film and acquired series	\$ 3,092	\$ 642,768	\$ 645,860
Licensed originals	5,373	171,418	176,791
Advances and content versioning costs	—	74,167	74,167
Total licensed program rights, net	8,465	888,353	896,818
Program rights, net	\$ 269,059	\$ 1,504,687	\$ 1,773,746
Current portion of program rights, net			\$ 10,807
Program rights, net (long-term)			1,762,939
			\$ 1,773,746

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Amortization of owned and licensed program rights, included in Technical and operating expenses in the condensed consolidated statements of income, is as follows:

(In thousands)	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	Predominantly Monetized Individually	Predominantly Monetized as a Group	Total	Predominantly Monetized Individually	Predominantly Monetized as a Group	Total
Owned original program rights	\$ 21,116	\$ 63,800	\$ 84,916	\$ 101,947	\$ 165,547	\$ 267,494
Licensed program rights	485	110,898	111,383	2,620	356,571	359,191
Program rights amortization	<u>\$ 21,601</u>	<u>\$ 174,698</u>	<u>\$ 196,299</u>	<u>\$ 104,567</u>	<u>\$ 522,118</u>	<u>\$ 626,685</u>

(In thousands)	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022		
	Predominantly Monetized Individually	Predominantly Monetized as a Group	Total	Predominantly Monetized Individually	Predominantly Monetized as a Group	Total
Owned original program rights	\$ 33,728	\$ 35,534	\$ 69,262	\$ 128,072	\$ 82,850	\$ 210,922
Licensed program rights	12,597	131,350	143,947	29,838	369,339	399,177
Program rights amortization	<u>\$ 46,325</u>	<u>\$ 166,884</u>	<u>\$ 213,209</u>	<u>\$ 157,910</u>	<u>\$ 452,189</u>	<u>\$ 610,099</u>

For programming rights predominantly monetized individually or as a group, the Company periodically reviews the programming usefulness of licensed and owned original program rights based on several factors, including expected future revenue generation from airings on the Company's networks and streaming services and other exploitation opportunities, ratings, type and quality of program material, standards and practices, and fitness for exhibition through various forms of distribution. If events or changes in circumstances indicate that the fair value of a film predominantly monetized individually or a film group is less than its unamortized cost, the Company will write off the excess to technical and operating expenses in the consolidated statements of income. Program rights with no future programming usefulness are substantively abandoned resulting in the write-off of remaining unamortized cost. There were no significant program rights write-offs included in technical and operating expenses for the three and nine months ended September 30, 2023 or 2022.

In the normal course of business, the Company may qualify for tax incentives through eligible investments in productions. Receivables related to tax incentives earned on production spend were \$191.7 million and \$143.1 million as of September 30, 2023 and December 31, 2022, respectively, recorded in Prepaid expenses and other current assets, and \$84.6 million and \$104.5 million as of September 30, 2023 and December 31, 2022, respectively, recorded in Other assets.

#### Note 6. Investments

The Company holds several investments in and loans to non-consolidated entities which are included in Other assets in the condensed consolidated balance sheet.

#### Equity Method Investments

Equity method investments were \$82.7 million and \$79.6 million at September 30, 2023 and December 31, 2022, respectively.

#### Marketable Equity Securities

There were no investments in marketable equity securities at September 30, 2023 or December 31, 2022.

There were no realized or unrealized gains or losses on marketable equity securities for the three and nine months ended September 30, 2023. No gains or losses were recorded on marketable equity securities for the three months ended September 30, 2022, and \$4.1 million of gains were recorded for the nine months ended September 30, 2022, included in miscellaneous, net in the condensed consolidated statements of income. In April 2022, the Company sold its interest in a marketable equity security for \$9.9 million.

#### Non-marketable Equity Securities

Investments in non-marketable equity securities were \$41.3 million and \$42.7 million at September 30, 2023 and December 31, 2022, respectively. No gains or losses were recorded on non-marketable equity securities for the three months ended September 30, 2023, or the three and nine months ended September 30, 2022. During the nine months ended

September 30, 2023, the Company recognized impairment charges of \$1.7 million on certain investments, which were included in miscellaneous, net in the consolidated statements of income.

**Note 7. Goodwill and Other Intangible Assets**

The carrying amount of goodwill, by operating segment is as follows:

(In thousands)	Domestic Operations	International and Other	Total
December 31, 2022	\$ 349,292	\$ 294,127	\$ 643,419
Impairment charge	—	(1,877)	(1,877)
Amortization of "second component" goodwill	(560)	—	(560)
Foreign currency translation	—	(839)	(839)
September 30, 2023	<u>\$ 348,732</u>	<u>\$ 291,411</u>	<u>\$ 640,143</u>

As of September 30, 2023 and December 31, 2022, accumulated impairment charges in the International and Other segment totaled \$165.7 million and \$163.8 million, respectively.

The \$1.9 million impairment charge for International and Other relates to the 25/7 Media reporting unit. See "Impairment Test of Long-Lived Assets and Goodwill" below for more details.

The reduction of \$0.6 million in the carrying amount of goodwill for Domestic Operations is due to the realization of a tax benefit for the amortization of "second component" goodwill at SundanceTV. Second component goodwill is the amount of tax deductible goodwill in excess of goodwill for financial reporting purposes. In accordance with the authoritative guidance at the time of the SundanceTV acquisition, the tax benefits associated with this excess are applied to first reduce the amount of goodwill, and then other intangible assets for financial reporting purposes, if and when such tax benefits are realized in the Company's tax returns. All remaining tax benefits were realized during the second quarter of 2023.

The following tables summarize information relating to the Company's identifiable intangible assets:

(In thousands)	September 30, 2023			Estimated Useful Lives
	Gross	Accumulated Amortization	Net	
<b>Amortizable intangible assets:</b>				
Affiliate and customer relationships	\$ 633,525	\$ (410,571)	\$ 222,954	6 to 25 years
Advertiser relationships	46,282	(37,598)	8,684	11 years
Trade names and other amortizable intangible assets	105,441	(56,216)	49,225	3 to 20 years
Total amortizable intangible assets	<u>785,248</u>	<u>(504,385)</u>	<u>280,863</u>	
<b>Indefinite-lived intangible assets:</b>				
Trademarks	19,900	—	19,900	
Total intangible assets	<u>\$ 805,148</u>	<u>\$ (504,385)</u>	<u>\$ 300,763</u>	

(In thousands)	December 31, 2022		
	Gross	Accumulated Amortization	Net
<b>Amortizable intangible assets:</b>			
Affiliate and customer relationships	\$ 634,000	\$ (373,240)	\$ 260,760
Advertiser relationships	46,282	(34,443)	11,839
Trade names and other amortizable intangible assets	105,338	(43,161)	62,177
Total amortizable intangible assets	<u>785,620</u>	<u>(450,844)</u>	<u>334,776</u>
<b>Indefinite-lived intangible assets:</b>			
Trademarks	19,900	—	19,900
Total intangible assets	<u>\$ 805,520</u>	<u>\$ (450,844)</u>	<u>\$ 354,676</u>

Aggregate amortization expense for amortizable intangible assets for the three months ended September 30, 2023 and 2022 was \$9.8 million and \$10.2 million, respectively, and for the nine months ended September 30, 2023 and 2022 was \$30.7 million and \$31.2 million, respectively. Estimated aggregate amortization expense for intangible assets subject to amortization for each of the following five years is:

(In thousands)

**Years Ending December 31,**

2023	\$	40,454
2024		39,128
2025		37,420
2026		33,076
2027		28,272

#### Impairment Test of Long-Lived Assets and Goodwill

25/7 Media is our production services business and is part of our International and Other operating segment. See "Item 1. Business - International and Other" in our 2022 Form 10-K for further details. During the second quarter of 2023, given the impact of market challenges at 25/7 Media, specifically as it relates to reduced demand for new content and series cancellations from third parties, the Company revised its outlook for the 25/7 Media business, resulting in lower expected future cash flows. As a result, the Company determined that sufficient indicators of potential impairment of long-lived assets existed at 25/7 Media. The Company performed a recoverability test and determined that the carrying amount of the 25/7 Media asset group was not recoverable. The carrying value of the asset group exceeded its fair value, therefore an impairment charge of \$23.0 million was recorded for identifiable intangible assets, which is included in impairment and other charges in the consolidated statement of income within the International and Other operating segment. Fair values used to determine the impairment charge were determined using an income approach, specifically a DCF model, and a market comparables approach. The DCF model includes significant assumptions about revenue growth rates, long-term growth rates and enterprise specific discount rates. Given the uncertainty in determining assumptions underlying the DCF approach, actual results may differ from those used in the valuations.

During the second quarter of 2023, the Company also determined that a triggering event had occurred with respect to the 25/7 Media reporting unit, which required an interim goodwill impairment test to be performed. Accordingly, the Company performed a quantitative assessment using an income approach, specifically a DCF model, and a market comparables approach. Based on the valuations performed, a \$1.9 million goodwill impairment charge was recorded, which is included in impairment and other charges in the consolidated statement of income, within the International and Other operating segment.

#### Note 8. Accrued Liabilities

Accrued liabilities consist of the following:

(In thousands)	September 30, 2023	December 31, 2022
Employee related costs	\$ 81,235	\$ 97,362
Participations and residuals	152,030	138,384
Interest	22,006	37,105
Restructuring and other related charges	20,055	107,998
Other accrued expenses	98,077	38,216
Total accrued liabilities	<u>\$ 373,403</u>	<u>\$ 419,065</u>

**Note 9. Long-term Debt**

The Company's long-term debt consists of the following:

(In thousands)	September 30, 2023	December 31, 2022
Senior Secured Credit Facility: <sup>(a)</sup>		
Term Loan A Facility	\$ 615,938	\$ 641,250
Senior Notes:		
5.00% Notes due April 2024	400,000	400,000
4.75% Notes due August 2025	800,000	800,000
4.25% Notes due February 2029	1,000,000	1,000,000
Total long-term debt	2,815,938	2,841,250
Unamortized discount	(15,246)	(18,718)
Unamortized deferred financing costs	(7,413)	(10,079)
Long-term debt, net	2,793,279	2,812,453
Current portion of long-term debt	459,063	33,750
Noncurrent portion of long-term debt	<u>\$ 2,334,216</u>	<u>\$ 2,778,703</u>

- (a) The Company's revolving credit facility remains undrawn at September 30, 2023. Total undrawn revolver commitments are available to be drawn for general corporate purposes of the Company.

During the nine months ended September 30, 2023, the Company repaid a total of \$25.3 million of the principal amount of the Term Loan A Facility in accordance with the terms of the agreement.

In April 2023, the Company entered into Amendment No. 2 ("Amendment No. 2") to the Second Amended and Restated Credit Agreement (the "Credit Agreement"). Amendment No. 2 (i) reduced the aggregate principal amount of the revolving loan commitments under the Credit Agreement from \$500 million to \$400 million, (ii) replaced the interest rate based on London Interbank Offered Rate with an interest rate based on the Secured Overnight Financing Rate, (iii) increased the Company's ability to incur additional debt in the future to provide additional flexibility for future financings, including increasing the amount of the incremental debt basket to the greater of \$1.2 billion and the amount that would not cause the senior secured leverage ratio to exceed 3.00 to 1.00 on a pro forma basis and (iv) made certain other modifications to the Credit Agreement. The maturity date of the Term Loan A Facility and revolving credit facility under the Credit Agreement is February 8, 2026. In connection with the modification of the revolving loan commitments, the Company recorded \$0.6 million to write-off a portion of the unamortized deferred financing costs, which is included in interest expense within the consolidated statements of income for the nine months ended September 30, 2023.

On November 3, 2023, the Company gave notice of its intention to redeem the remaining \$400 million outstanding principal amount of its 5.00% senior notes due 2024 (the "2024 Notes") on December 12, 2023 (the "Redemption Date"). The 2024 Notes will be redeemed at a redemption price of 100.000% of the principal amount of the 2024 Notes plus accrued and unpaid interest to, but excluding, the Redemption Date.

**Other Debt**

During the second quarter of 2023, a majority owned subsidiary of the Company extended its credit facility totaling \$4.5 million to July 21, 2024. The facility bears interest at the greater of 3.5% or the prime rate plus 1%. There were no outstanding borrowings under the credit facility as of September 30, 2023.



**Note 10. Leases**

The following table summarizes the leases included in the condensed consolidated balance sheets as follows:

(In thousands)	Balance Sheet Location	September 30, 2023	December 31, 2022
<b>Assets</b>			
Operating	Operating lease right-of-use assets	\$ 81,783	\$ 108,229
Finance	Property and equipment, net	10,159	10,982
Total lease assets		<u>\$ 91,942</u>	<u>\$ 119,211</u>
<b>Liabilities</b>			
Current:			
Operating	Current portion of lease obligations	\$ 32,313	\$ 32,207
Finance	Current portion of lease obligations	4,509	4,204
		<u>\$ 36,822</u>	<u>\$ 36,411</u>
Noncurrent:			
Operating	Lease obligations	\$ 83,551	\$ 105,768
Finance	Lease obligations	15,565	19,031
		<u>\$ 99,116</u>	<u>\$ 124,799</u>
Total lease liabilities		<u>\$ 135,938</u>	<u>\$ 161,210</u>

In connection with exiting a portion of its office space in New York in the third quarter of 2023, the Company recorded an impairment charge of \$9.1 million for operating lease right-of use assets. Refer to Note 4, Restructuring and Other Related Charges for additional details.

**Note 11. Fair Value Measurement**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

- Level I - Quoted prices for identical instruments in active markets.
- Level II - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level III - Instruments whose significant value drivers are unobservable.

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The following table presents for each of these hierarchy levels, the Company's financial assets and liabilities that are measured at fair value on a recurring basis at September 30, 2023 and December 31, 2022:

(In thousands)	Level I	Level II	Level III	Total
<b>At September 30, 2023:</b>				
<b>Assets</b>				
Cash equivalents	\$ 89,539	\$ —	\$ —	\$ 89,539
Foreign currency derivatives	—	6,070	—	6,070
<b>Liabilities</b>				
Foreign currency derivatives	—	3,613	—	3,613
<b>At December 31, 2022:</b>				
<b>Assets</b>				
Cash equivalents	\$ 80,000	\$ —	\$ —	\$ 80,000
Foreign currency derivatives	—	536	—	536
<b>Liabilities</b>				
Foreign currency derivatives	—	8,965	—	8,965

The Company's cash equivalents (comprised of money market mutual funds) are classified within Level I of the fair value hierarchy because they are valued using quoted market prices.

The Company's foreign currency derivatives are classified within Level II of the fair value hierarchy as their fair values are determined based on a market approach valuation technique that uses readily observable market parameters and the consideration of counterparty risk.

At September 30, 2023 and December 31, 2022, the Company did not have any material assets or liabilities measured at fair value on a recurring basis that would be considered Level III.

Fair value measurements are also used in nonrecurring valuations performed in connection with acquisition accounting and impairment testing. These nonrecurring valuations primarily include the valuation of program rights, goodwill, intangible assets and property and equipment. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level III of the fair value hierarchy.

**Credit Facility Debt and Senior Notes**

The fair values of each of the Company's debt instruments are based on quoted market prices for the same or similar issues or on the current rates offered to the Company for instruments of the same remaining maturities.

The carrying values and estimated fair values of the Company's financial instruments, excluding those that are carried at fair value in the condensed consolidated balance sheets, are summarized as follows:

(In thousands)	September 30, 2023	
	Carrying Amount	Estimated Fair Value
<b>Debt instruments:</b>		
Term loan A facility	\$ 610,362	\$ 585,141
5.00% Notes due April 2024	399,463	393,000
4.75% Notes due August 2025	795,796	738,000
4.25% Notes due February 2029	987,658	616,250
	<u>\$ 2,793,279</u>	<u>\$ 2,332,391</u>

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(In thousands)	December 31, 2022	
	Carrying Amount	Estimated Fair Value
<b>Debt instruments:</b>		
Term loan A facility	\$ 633,486	\$ 615,600
5.00% Notes due April 2024	398,687	375,348
4.75% Notes due August 2025	794,171	607,000
4.25% Notes due February 2029	986,109	620,818
	\$ 2,812,453	\$ 2,218,766

Fair value estimates related to the Company's debt instruments presented above are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgments and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

**Note 12. Derivative Financial Instruments**

**Foreign Currency Exchange Rate Risk**

We are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than one of our subsidiaries' respective functional currencies (non-functional currency risk), such as affiliation agreements, programming contracts, certain accounts payable and trade receivables (including intercompany amounts) that are denominated in a currency other than the applicable functional currency.

The fair values of the Company's derivative financial instruments included in the condensed consolidated balance sheets are as follows:

(In thousands)	Balance Sheet Location	September 30, 2023		December 31, 2022	
<b>Derivatives not designated as hedging instruments:</b>					
<b>Assets:</b>					
Foreign currency derivatives	Prepaid expenses and other current assets	\$ 357	\$	141	\$
Foreign currency derivatives	Other assets	5,713		395	
<b>Liabilities:</b>					
Foreign currency derivatives	Accrued liabilities	\$ 1,694	\$	3,663	\$
Foreign currency derivatives	Current portion of program rights obligations	176		82	
Foreign currency derivatives	Other liabilities	1,743		5,220	

The amounts of gains and losses related to the Company's derivative financial instruments not designated as hedging instruments are as follows:

(In thousands)	Location of Gain or (Loss) Recognized in Earnings on Derivatives	Amount of Gain or (Loss) Recognized in Earnings on Derivatives			
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Foreign currency derivatives	Miscellaneous, net	\$ (736)	\$ (2,947)	\$ 9,077	\$ (6,708)

**Note 13. Income Taxes**

For the three and nine months ended September 30, 2023, income tax expense was \$23.7 million and \$82.7 million, respectively, representing an effective tax rate of 26% for both periods. The items resulting in variances from the federal statutory rate of 21% for the three and nine months ended September 30, 2023, primarily consisted of state and local income tax expense and tax expense related to non-deductible compensation.

For the three and nine months ended September 30, 2022, income tax expense was \$28.5 million and \$103.1 million, respectively, representing an effective tax rate of 24% and 26%, respectively. The items resulting in variances from the federal statutory rate of 21% for the three and nine months ended September 30, 2022, primarily consisted of state and local income tax expense, tax expense for an increase in the valuation allowance for foreign taxes and tax expense related to non-deductible compensation.

At September 30, 2023, the Company had foreign tax credit carry forwards of approximately \$53.9 million, expiring on various dates from 2024 through 2033. These carryforwards have been reduced by a valuation allowance of \$53.9 million as it is more likely than not that these carry forwards will not be realized. For the nine months ended September 30, 2023, \$0.4 million relating to amortization of tax deductible second component goodwill was realized as a reduction in tax liability (as determined on a 'with-and-without' approach).

As of September 30, 2023, approximately \$198.0 million of cash and cash equivalents, previously held by foreign subsidiaries, was repatriated to the United States. Our consolidated cash and cash equivalents balance of \$955.2 million, as of September 30, 2023, includes approximately \$170.9 million held by foreign subsidiaries. Of this amount, approximately \$60.0 million is expected to be repatriated to the United States with the remaining amount continuing to be reinvested in foreign operations. Tax expense related to the repatriated amount, as well as the expected remaining repatriation amount, has been accrued in the current period and the Company does not expect to incur any significant, additional taxes related to the remaining balance.

**Note 14. Commitments and Contingencies**

**Commitments**

As of September 30, 2023, the Company's contractual obligations not reflected on the Company's condensed consolidated balance sheet increased \$20.6 million, as compared to December 31, 2022, to \$932.8 million. The increase was primarily driven by additional program rights commitments and the renewal of a third-party service contract, partially offset by payments for program rights.

**Legal Matters**

On August 14, 2017, Robert Kirkman, Robert Kirkman, LLC, Glen Mazzara, 44 Strong Productions, Inc., David Alpert, Circle of Confusion Productions, LLC, New Circle of Confusion Productions, Inc., Gale Anne Hurd, and Valhalla Entertainment, Inc. f/k/a Valhalla Motion Pictures, Inc. (together, the "Plaintiffs") filed a complaint in California Superior Court in connection with Plaintiffs' rendering of services as writers and producers of the television series entitled The Walking Dead, as well as Fear the Walking Dead and/or Talking Dead, and the agreements between the parties related thereto (the "Walking Dead Litigation"). The Plaintiffs asserted that the Company had been improperly underpaying the Plaintiffs under their contracts with the Company and they asserted claims for breach of contract, breach of the implied covenant of good faith and fair dealing, inducing breach of contract, and liability for violation of Cal. Bus. & Prof. Code § 17200. The Plaintiffs sought compensatory and punitive damages and restitution. On August 8, 2019, the judge in the Walking Dead Litigation ordered a trial to resolve certain issues of contract interpretation only. Following eight days of trial in February and March 2020, on July 22, 2020, the judge issued a Statement of Decision finding in the Company's favor on all seven matters of contract interpretation before the court in this first phase trial. On January 20, 2021, the Plaintiffs filed a second amended complaint, eliminating eight named defendants and their claims under Cal. Bus. & Prof. Code § 17200. On May 5, 2021, the Plaintiffs filed a third amended complaint, repleading in part their claims for alleged breach of the implied covenant of good faith and fair dealing, inducing breach of contract, and certain breach of contract claims. On June 2, 2021, the Company filed a demurrer and motion to strike seeking to dismiss the claim for breach of the implied covenant of good faith and fair dealing and certain tort and breach of contract claims asserted in the third amended complaint. On July 27, 2021, the court granted in part and denied in part the Company's motion. On January 12, 2022, the Company filed a motion for summary adjudication of many of the remaining claims. On April 6, 2022, the court granted the Company's summary adjudication motion in part, dismissing the Plaintiffs' claims for breach of the implied covenant of good faith and fair dealing and inducing breach of contract. On January 26, 2023, the Plaintiffs filed a notice of appeal of the court's post-trial, demurrer, and summary adjudication decisions. The parties entered into an agreement to resolve through confidential binding arbitration the remaining claims in the litigation.

(consisting mainly of ordinary course profit participation audit claims), and as a result, the court formally dismissed the case. The arbitration to resolve the two remaining claims for breach of contract was held between October 16 through October 20, 2023 and a final decision is not expected until 2024. While the ultimate outcome of this litigation is uncertain, we expect that the ultimate outcome is unlikely to have a material impact on the Company's financial condition or results of operations.

On November 14, 2022, the Plaintiffs filed a separate complaint in California Superior Court (the "MFN Litigation") in connection with the Company's July 16, 2021 settlement agreement with Frank Darabont ("Darabont"), Ferenc, Inc., Darkwoods Productions, Inc., and Creative Artists Agency, LLC (the "Darabont Parties"), which resolved litigations the Darabont Parties had brought in connection with Darabont's rendering services as a writer, director and producer of the television series entitled *The Walking Dead* and the agreement between the parties related thereto (the "Darabont Settlement"). Plaintiffs assert claims for breach of contract, alleging that the Company breached the most favored nations ("MFN") provisions of Plaintiffs' contracts with the Company by failing to pay them additional contingent compensation as a result of the Darabont Settlement (the "MFN Litigation"). Plaintiffs claim in the MFN Litigation that they are entitled to actual and compensatory damages in excess of \$200 million. The Plaintiffs also brought a cause of action to enjoin an arbitration the Company commenced in May 2022 concerning the same dispute. On December 15, 2022, the Company removed the MFN Litigation to the United States District Court for the Central District of California. On January 13, 2023, the Company filed a motion to dismiss the MFN Litigation and informed the court that the Company had withdrawn the arbitration Plaintiffs sought to enjoin. The motion is fully briefed and awaiting decision. The court has scheduled a trial date of September 17, 2024. The Company believes that the asserted claims are without merit and will vigorously defend against them if they are not dismissed. At this time, no determination can be made as to the ultimate outcome of this litigation or the potential liability, if any, on the part of the Company.

The Company is party to actions and claims arising from alleged violation of the federal Video Privacy Protection Act (the "VPPA") and analogous state laws. In addition to certain putative class actions currently pending, the Company is facing a series of arbitration claims managed by multiple plaintiffs' law firms. The class action complaints and the arbitration claims all allege that the Company's use of a Meta Platforms, Inc. pixel on the websites for certain of its subscription video services, including AMC+ and Shudder, violated the privacy protection provisions of the VPPA and its state law analogues. On October 27, 2023, the Company reached a settlement in principle (which settlement is subject to court approval) with multiple plaintiffs' law firms relating to their pending class actions alleging violations of the VPPA and analogous state laws. Although the outcome of the arbitration cannot be predicted with certainty, management does not believe that the resolution of these arbitrations will have a material adverse effect on the Company's business or financial position or the Company's ability to meet its financial obligations as they become due. Any potential liability is expected to be reimbursed by the Company's insurance carriers.

The Company is party to various lawsuits and claims in the ordinary course of business, including the matters described above, as well as other lawsuits and claims relating to employment, intellectual property, and privacy and data protection matters. Although the outcome of these matters cannot be predicted with certainty and while the impact of these matters on the Company's results of operations in any particular subsequent reporting period could be material, management does not believe that the resolution of these matters will have a material adverse effect on the financial position of the Company or the ability of the Company to meet its financial obligations as they become due.

#### **Note 15. Equity Plans**

During the second quarter of 2023, AMC Networks granted 1,792,097 restricted stock units ("RSUs") to certain executive officers and employees under the AMC Networks Inc. Amended and Restated 2016 Employee Stock Plan, which vest ratably over a three-year period, and 131,640 RSUs under the 2011 Stock Plan for Non-Employee Directors to non-employee directors that vested on the date of grant.

In February 2023, AMC Networks granted 297,325 RSUs under the AMC Networks Inc. Amended and Restated 2016 Employee Stock Plan to its chief executive officer. The RSUs vest ratably over a three-year period.

During the nine months ended September 30, 2023, 883,424 RSUs of AMC Networks Class A Common Stock previously issued to employees of the Company vested, all of which occurred during the first two quarters of 2023. On the vesting date, 387,675 RSUs were surrendered to the Company to cover the required statutory tax withholding obligations and 495,749 shares of AMC Networks Class A Common Stock were issued. Units are surrendered to satisfy the employees' statutory minimum tax withholding obligations for the applicable income and other employment tax. The units surrendered during the nine months ended September 30, 2023 had an aggregate value of \$7.2 million, which has been reflected as a financing activity in the condensed consolidated statement of cash flows for the nine months ended September 30, 2023.

The Company recorded share-based compensation expenses of \$6.4 million and \$19.9 million (including \$0.2 million recorded as part of Restructuring and other related charges) for the three and nine months ended September 30, 2023, respectively, and \$7.1 million and \$23.9 million for the three and nine months ended September 30, 2022, respectively. Share-based compensation expenses are recognized in the consolidated statements of income as part of selling, general and administrative expenses.

As of September 30, 2023, there was \$35.2 million of total unrecognized share-based compensation cost related to outstanding unvested share-based awards. The unrecognized compensation cost is expected to be recognized over a weighted average remaining period of approximately 2.3 years.

**Note 16. Noncontrolling Interests**

Redeemable Noncontrolling Interests

In connection with the Company's previous acquisitions of New Video Channel America L.L.C (owner of the cable channel BBC America) and RLJ Entertainment, the terms of the acquisition agreements provide the noncontrolling members with a right to put all of their noncontrolling interest to subsidiaries of the Company at a future time. Since the exercise of these put rights is outside the Company's control, the noncontrolling interest in each entity is presented as a redeemable noncontrolling interest outside of stockholders' equity on the Company's consolidated balance sheet.

The following tables summarize activity related to redeemable noncontrolling interest for the three and nine months ended September 30, 2023 and 2022:

(In thousands)	<b>Three Months Ended September 30, 2023</b>
June 30, 2023	\$ 241,486
Net earnings	4,056
Distributions	(20,142)
September 30, 2023	\$ 225,400

(In thousands)	<b>Three Months Ended September 30, 2022</b>
June 30, 2022	\$ 270,726
Net earnings	4,443
Distributions	(2,686)
September 30, 2022	\$ 272,483

(In thousands)	<b>Nine Months Ended September 30, 2023</b>
December 31, 2022	\$ 253,669
Net earnings	17,126
Distributions	(45,395)
September 30, 2023	\$ 225,400

(In thousands)	<b>Nine Months Ended September 30, 2022</b>
December 31, 2021	\$ 283,849
Net earnings	12,971
Distributions	(24,866)
Other	529
September 30, 2022	\$ 272,483

**Note 17. Related Party Transactions**

The Company and its related parties enter into transactions with each other in the ordinary course of business. Revenues, net from related parties amounted to \$1.3 million and \$1.3 million for the three months ended September 30, 2023 and 2022, respectively, and \$3.9 million and \$3.8 million for the nine months ended September 30, 2023 and 2022, respectively. Amounts charged to the Company, included in selling, general and administrative expenses, pursuant to transactions with its related parties amounted to \$0.9 million and \$3.3 million for the three months ended September 30, 2023 and 2022, respectively, and \$7.5 million and \$4.6 million for the nine months ended September 30, 2023 and 2022, respectively.

As disclosed in Note 20 of our 2022 Form 10-K, from time to time the Company enters into arrangements with 605, LLC. James L. Dolan, the Non-Executive Chairman and a director of the Company, and his spouse, Kristin A. Dolan, the Chief Executive Officer of the Company and founder of 605, LLC, previously owned 100% of 605, LLC. Kristin A. Dolan also served as the Non-Executive Chairman of 605, LLC from February 2023 until September 13, 2023, and served as its Chief Executive Officer from its inception in 2016 until February 2023. 605, LLC provides audience measurement and data analytics services to the Company and its subsidiaries pursuant to a Master Services Agreement dated February 8, 2019 (the "Master Services Agreement"). On September 13, 2023, 605, LLC was sold to iSpot.tv, and James L. Dolan and Kristin A. Dolan now hold a minority interest in iSpot.tv. As a result, from and after September 13, 2023, 605, LLC is no longer considered to be a related party.

On August 1, 2022, the Audit Committee authorized the Company to enter into a Statement of Work for Strategic Analytic Services (the "Statement of Work") with 605, LLC under the Master Services Agreement. The fees payable to 605, LLC by the Company for these services were \$10.5 million payable in five installments. The initial term of the Statement of Work ran from August 1, 2022 to December 31, 2022. The term was automatically extended to June 30, 2023 per the terms of the agreement. The Statement of Work expired by its terms on June 30, 2023.

Under the Statement of Work, 605, LLC was engaged in a strategic, research, market, business and financial assessment of the Company and its business, partnering with the Company's management team. 605, LLC utilized their expertise, including assessment of extensive real-time business intelligence and consumer research, to enable potential further acceleration of the Company's long-term growth and value creation. Among the analytic services provided by 605, LLC were situation analysis, customer experience, data utilization, addressing the market, content strategy and overview, sales strategy, pricing analysis, customer profiles, content (by offering), marketing strategy and financial analysis.

**Note 18. Cash Flows**

The Company's non-cash investing and financing activities and other supplemental data are as follows:

(In thousands)	Nine Months Ended September 30,	
	2023	2022
<b>Non-Cash Investing and Financing Activities:</b>		
Operating lease additions	\$ 3,171	\$ 7,527
Capital expenditures incurred but not yet paid	2,243	5,481
Contingent consideration for purchase of noncontrolling interests	—	2,806
<b>Supplemental Data:</b>		
Cash interest paid	123,715	105,827
Income taxes paid, net	28,829	39,322

**Note 19. Segment Information**

The Company classifies its operations into two operating segments: Domestic Operations and International and Other. These operating segments represent strategic business units that are managed separately.

The Company evaluates segment performance based on several factors, of which the primary financial measure is operating segment adjusted operating income ("AOI"). The Company defines AOI as operating income (loss) before depreciation and amortization, cloud computing amortization, share-based compensation expenses or benefit, impairment and other charges (including gains or losses on sales or dispositions of businesses), restructuring and other related charges and including the Company's proportionate share of adjusted operating income (loss) from majority-owned equity method

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investees. The Company has presented the components that reconcile adjusted operating income to operating income, and other information as to the continuing operations of the Company's operating segments below.

(In thousands)	Three Months Ended September 30, 2023			
	Domestic Operations	International and Other	Corporate / Inter-segment Eliminations	Consolidated
Revenues, net				
Subscription	\$ 332,135	\$ 56,173	\$ —	\$ 388,308
Content licensing and other	61,916	22,150	(1,842)	82,224
Distribution and other	394,051	78,323	(1,842)	470,532
Advertising	147,147	19,275	—	166,422
Consolidated revenues, net	<u>\$ 541,198</u>	<u>\$ 97,598</u>	<u>\$ (1,842)</u>	<u>\$ 636,954</u>
Operating income (loss)	<u>\$ 161,627</u>	<u>\$ 7,985</u>	<u>\$ (48,762)</u>	<u>\$ 120,850</u>
Share-based compensation expenses	3,494	815	2,069	6,378
Depreciation and amortization	11,536	4,271	12,202	28,009
Impairment and other charges	5,400	—	—	5,400
Restructuring and other related charges (credits)	(783)	(4)	11,350	10,563
Cloud computing amortization	5	—	2,331	2,336
Majority-owned equity investees AOI	3,732	—	—	3,732
Adjusted operating income (loss)	<u>\$ 185,011</u>	<u>\$ 13,067</u>	<u>\$ (20,810)</u>	<u>\$ 177,268</u>

(In thousands)	Three Months Ended September 30, 2022			
	Domestic Operations	International and Other	Corporate / Inter-segment Eliminations	Consolidated
Revenues, net				
Subscription	\$ 349,338	\$ 52,765	\$ —	\$ 402,103
Content licensing and other	57,793	29,124	(4,816)	82,101
Distribution and other	407,131	81,889	(4,816)	484,204
Advertising	180,258	17,381	—	197,639
Consolidated revenues, net	<u>\$ 587,389</u>	<u>\$ 99,270</u>	<u>\$ (4,816)</u>	<u>\$ 681,843</u>
Operating income (loss)	<u>\$ 186,609</u>	<u>\$ 8,291</u>	<u>\$ (44,223)</u>	<u>\$ 150,677</u>
Share-based compensation expenses	3,155	537	3,358	7,050
Depreciation and amortization	12,141	4,482	13,112	29,735
Cloud computing amortization	5	—	2,047	2,052
Majority-owned equity investees AOI	4,791	—	—	4,791
Adjusted operating income (loss)	<u>\$ 206,701</u>	<u>\$ 13,310</u>	<u>\$ (25,706)</u>	<u>\$ 194,305</u>



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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)  
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Nine Months Ended September 30, 2023				
(In thousands)	Domestic Operations	International and Other	Corporate / Inter-segment Eliminations	Consolidated
Revenues, net				
Subscription	\$ 1,013,419	\$ 170,143	\$ —	\$ 1,183,562
Content licensing and other	246,093	76,668	(6,816)	315,945
Distribution and other	1,259,512	246,811	(6,816)	1,499,507
Advertising	475,359	58,163	—	533,522
Consolidated revenues, net	<u>\$ 1,734,871</u>	<u>\$ 304,974</u>	<u>\$ (6,816)</u>	<u>\$ 2,033,029</u>
Operating income (loss)	\$ 523,645	\$ 10,422	\$ (134,212)	\$ 399,855
Share-based compensation expenses	10,133	2,500	7,038	19,671
Depreciation and amortization	35,053	13,944	30,632	79,629
Impairment and other charges	5,400	24,882	—	30,282
Restructuring and other related charges	3,940	1,642	16,955	22,537
Cloud computing amortization	15	—	6,800	6,815
Majority-owned equity investees AOI	11,019	—	—	11,019
Adjusted operating income (loss)	<u>\$ 589,205</u>	<u>\$ 53,390</u>	<u>\$ (72,787)</u>	<u>\$ 569,808</u>

Nine Months Ended September 30, 2022				
(In thousands)	Domestic Operations	International and Other	Corporate / Inter-segment Eliminations	Consolidated
Revenues, net				
Subscription	\$ 1,040,110	\$ 169,879	\$ —	\$ 1,209,989
Content licensing and other	191,473	103,513	(16,901)	278,085
Distribution and other	1,231,583	273,392	(16,901)	1,488,074
Advertising	582,451	61,500	—	643,951
Consolidated revenues, net	<u>\$ 1,814,034</u>	<u>\$ 334,892</u>	<u>\$ (16,901)</u>	<u>\$ 2,132,025</u>
Operating income (loss)	\$ 573,943	\$ 39,733	\$ (135,119)	\$ 478,557
Share-based compensation expenses	10,000	1,758	12,104	23,862
Depreciation and amortization	37,716	14,018	27,822	79,556
Cloud computing amortization	17	—	5,306	5,323
Majority-owned equity investees AOI	13,733	—	—	13,733
Adjusted operating income (loss)	<u>\$ 635,409</u>	<u>\$ 55,509</u>	<u>\$ (89,887)</u>	<u>\$ 601,031</u>

Subscription revenues in the Domestic Operations segment include revenues related to the Company's streaming services of \$142.5 million and \$131.2 million for the three months ended September 30, 2023 and 2022, respectively, and \$420.8 million and \$362.9 million for the nine months ended September 30, 2023 and 2022, respectively.

Corporate overhead costs not allocated to the segments include costs such as executive salaries and benefits and costs of maintaining corporate headquarters, facilities and common support functions.

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(unaudited)

Inter-segment eliminations are primarily licensing revenues recognized between the Domestic Operations and International and Other segments.

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Inter-segment revenues</b>				
Domestic Operations	\$ (1,825)	\$ (3,864)	\$ (6,451)	\$ (14,308)
International and Other	(17)	(952)	(365)	(2,593)
	<u>\$ (1,842)</u>	<u>\$ (4,816)</u>	<u>\$ (6,816)</u>	<u>\$ (16,901)</u>

The table below summarizes revenues based on customer location:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenues</b>				
United States	\$ 524,044	\$ 569,996	\$ 1,681,909	\$ 1,761,430
Europe	76,332	70,041	233,817	250,112
Other	36,578	41,806	117,303	120,483
	<u>\$ 636,954</u>	<u>\$ 681,843</u>	<u>\$ 2,033,029</u>	<u>\$ 2,132,025</u>

One customer within the Domestic Operations segment accounted for approximately 12% and 13% of consolidated revenues, net for the three and nine months ended September 30, 2023, respectively. For the three and nine months ended September 30, 2022, one customer within the Domestic Operations segment accounted for approximately 12% and 10%, respectively, of consolidated revenues, net.

The table below summarizes property and equipment based on asset location:

(In thousands)	September 30, 2023	December 31, 2022
<b>Property and equipment, net</b>		
United States	\$ 160,796	\$ 187,833
Europe	10,795	12,520
Other	1,306	1,681
	<u>\$ 172,897</u>	<u>\$ 202,034</u>

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains statements that constitute forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995. In this Management's Discussion and Analysis of Financial Condition and Results of Operations there are statements concerning our future operating results and future financial performance. Words such as "expects," "anticipates," "believes," "estimates," "may," "will," "should," "could," "potential," "continue," "intends," "plans" and similar words and terms used in the discussion of future operating results and future financial performance identify forward-looking statements. You are cautioned that any such forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties and that actual results or developments may differ materially from the forward-looking statements as a result of various factors. Factors that may cause such differences to occur include, but are not limited to:

- the level of our revenues;
- market demand, including changes in viewer consumption patterns, for our programming networks, our subscription streaming services, our programming, and our production services;
- demand for advertising inventory and our ability to deliver guaranteed viewer ratings;
- the highly competitive nature of the cable, telecommunications, streaming and programming industries;
- the cost of, and our ability to obtain or produce, desirable content for our programming services, other forms of distribution, including digital and licensing in international markets, as well as our film distribution businesses;
- market demand for our owned original programming and our film content;
- the loss of any of our key personnel and artistic talent;
- the impact of strikes, including those related to the Writers, Directors, and Screen Actors guilds;
- the security of our program rights and other electronic data;
- our ability to maintain and renew distribution or affiliation agreements with distributors;
- our ability to successfully launch our streaming services in countries outside of the United States;
- economic and business conditions and industry trends in the countries in which we operate, including increases in inflation rates and recession risk;
- fluctuations in currency exchange rates and interest rates;
- changes in domestic and foreign laws or regulations under which we operate;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the United States or in the countries in which we operate;
- the impact of existing and proposed federal, state and international laws and regulations relating to data protection, privacy and security, including the European Union's General Data Protection Regulation ("GDPR");
- our substantial debt and high leverage;
- reduced access to, or inability to access, capital or credit markets, or significant increases in costs to borrow;
- the level of our expenses;
- future acquisitions and dispositions of assets;
- our ability to successfully acquire new businesses and, if acquired, to integrate, and implement our plan with respect to businesses we acquire;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- uncertainties regarding the financial results of equity method investees, issuers of our investments in marketable equity securities and non-marketable equity securities and changes in the nature of key strategic relationships with partners and joint ventures;
- the outcome of litigation and other proceedings;
- whether pending uncompleted transactions, if any, are completed on the terms and at the times set forth (if at all);
- other risks and uncertainties inherent in our programming and streaming businesses;
- financial community and rating agency perceptions of our business, operations, financial condition and the industry in which we operate;
- the impact of pandemics or other health emergencies on the economy and our business;
- events that are outside our control, such as political unrest in international markets, terrorist attacks, natural disasters and other similar events;
- and

- the factors described under Item 1A, "Risk Factors" in our 2022 Annual Report on Form 10-K (the "2022 Form 10-K"), as filed with the Securities and Exchange Commission ("SEC").

We disclaim any obligation to update or revise the forward-looking statements contained herein, except as otherwise required by applicable federal securities laws.

## **Introduction**

Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, is a supplement to and should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included elsewhere herein and our 2022 Form 10-K to enhance the understanding of our financial condition, changes in financial condition and results of our operations. Unless the context otherwise requires, all references to "we," "us," "our," "AMC Networks" or the "Company" refer to AMC Networks Inc., together with its subsidiaries. The MD&A is organized as follows:

*Business Overview.* This section provides a general description of our business and our operating segments, as well as other matters that we believe are important in understanding our results of operations and financial condition and in anticipating future trends.

*Consolidated Results of Operations.* This section provides an analysis of our results of operations for the three and nine months ended September 30, 2023 compared to the three and nine months ended September 30, 2022. Our discussion is presented on both a consolidated and segment basis. Our two segments are: (i) Domestic Operations and (ii) International and Other.

*Liquidity and Capital Resources.* This section provides a discussion of our financial condition as of September 30, 2023, as well as an analysis of our cash flows for the nine months ended September 30, 2023 and 2022. The discussion of our financial condition and liquidity includes summaries of (i) our primary sources of liquidity and (ii) our contractual obligations that existed at September 30, 2023 as compared to December 31, 2022.

*Critical Accounting Policies and Estimates.* This section provides an update, if any, to our significant accounting policies or critical accounting estimates since December 31, 2022.

## Business Overview

### Financial Highlights

The tables presented below set forth our consolidated revenues, net, operating income (loss) and adjusted operating income (loss) ("AOI")<sup>1</sup>, for the periods indicated.

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenues, net</b>				
Domestic Operations	\$ 541,198	\$ 587,389	\$ 1,734,871	\$ 1,814,034
International and Other	97,598	99,270	304,974	334,892
Inter-segment Eliminations	(1,842)	(4,816)	(6,816)	(16,901)
	<u>\$ 636,954</u>	<u>\$ 681,843</u>	<u>\$ 2,033,029</u>	<u>\$ 2,132,025</u>
<b>Operating Income (Loss)</b>				
Domestic Operations	\$ 161,627	\$ 186,609	\$ 523,645	\$ 573,943
International and Other	7,985	8,291	10,422	39,733
Corporate / Inter-segment Eliminations	(48,762)	(44,223)	(134,212)	(135,119)
	<u>\$ 120,850</u>	<u>\$ 150,677</u>	<u>\$ 399,855</u>	<u>\$ 478,557</u>
<b>Adjusted Operating Income (Loss)</b>				
Domestic Operations	\$ 185,011	\$ 206,701	\$ 589,205	\$ 635,409
International and Other	13,067	13,310	53,390	55,509
Corporate / Inter-segment Eliminations	(20,810)	(25,706)	(72,787)	(89,887)
	<u>\$ 177,268</u>	<u>\$ 194,305</u>	<u>\$ 569,808</u>	<u>\$ 601,031</u>

<sup>1</sup> Adjusted Operating Income (Loss), is a non-GAAP financial measure. See the "Non-GAAP Financial Measures" section on page 37 for additional information, including our definition and our use of this non-GAAP financial measure, and for a reconciliation to its most comparable GAAP financial measure.

## Segment Reporting

We manage our business through the following two operating segments:

- *Domestic Operations*: Includes our programming services, which consist of our five national programming networks, our global streaming services, our AMC Studios operation and IFC Films. Our national programming networks are AMC, WE tv, BBC AMERICA, IFC, and SundanceTV. Our global streaming services consist of our targeted subscription streaming services (Acorn TV, Shudder, Sundance Now, ALLBLK, and HIDIVE) and AMC+. Our AMC Studios operation produces original programming for our programming services and third parties and also licenses programming worldwide, and IFC Films is our film distribution business. The operating segment also includes AMC Networks Broadcasting & Technology, our technical services business, which primarily services most of the national programming networks.
- *International and Other*: Includes AMC Networks International ("AMCNI"), our international programming businesses consisting of a portfolio of channels around the world, and 25/7 Media, our production services business.

### Domestic Operations

In our Domestic Operations segment, we earn revenue principally from: (i) the distribution of our programming through our programming networks and streaming services, (ii) the sale of advertising, and (iii) the licensing of our original programming to distributors, including the distribution of programming of IFC Films. Subscription revenue includes fees paid by distributors and consumers for our programming networks and streaming services. Subscription fees paid by distributors represent the largest component of distribution revenue. Our subscription fee revenues for our programming networks are based on a per subscriber fee, and, to a lesser extent, fixed fees under multi-year contracts, commonly referred to as "affiliation agreements." The subscription fee revenues we earn vary from period to period, distributor to distributor and also vary among our programming services, but are generally based upon the number of each distributor's subscribers who receive our programming, referred to as viewing subscribers. Subscription fees for our streaming services are typically based on a per subscriber fee and are generally paid by distributors and consumers on a monthly basis.

Content licensing revenue is earned from the licensing of original programming for digital, foreign and home video distribution and is recognized upon availability or distribution by the licensee, and to a lesser extent, is earned through the distribution of AMC Studios produced series to third parties.

Under affiliation agreements with our distributors, we have the right to sell a specified amount of national advertising time on our programming networks. Our advertising revenues are more variable than subscription fee revenues because the majority of our advertising is sold on a short-term basis, not under long-term contracts. Our arrangements with advertisers provide for a set number of advertising units to air over a specific period of time at a negotiated price per unit. Additionally, in these advertising sales arrangements, our programming networks generally guarantee specified viewer ratings for their programming.

Programming expenses, included in technical and operating expenses, represent the largest expenses of the Domestic Operations segment and primarily consists of amortization of program rights, such as those for original programming, feature films and licensed series, as well as participation and residual costs. The other components of technical and operating expenses primarily include distribution and production related costs and program operating costs including cost of delivery, such as origination, transmission, uplinking and encryption.

The success of our business depends on original programming, both scripted and unscripted, across all of our programming services. These original series generally result in higher ratings for our networks and higher viewership on our streaming services. Among other things, higher audience ratings drive increased revenues through higher advertising revenues. The timing of exhibition and distribution of original programming varies from period to period, which results in greater variability in our revenues, earnings and cash flows from operating activities. There may be significant changes in the level of our technical and operating expenses due to the level of our content investment spend and the related amortization of content acquisition and/or original programming costs. Program rights that are predominantly monetized as a group are amortized based on projected usage, typically resulting in an accelerated amortization pattern and, to a lesser extent, program rights that are predominantly monetized individually are amortized based on the individual-film-forecast-computation method.

Most original series require us to make significant up-front investments. Our programming efforts are not always commercially successful, which could result in a write-off of program rights. If events or changes in circumstances indicate that the fair value of program rights predominantly monetized individually or a film group is less than its unamortized cost, the Company will write off the excess to technical and operating expenses in the consolidated statements of income. Program rights with no future programming usefulness are substantively abandoned resulting in the write-off of remaining unamortized cost.

### International and Other

Our International and Other segment primarily includes the operations of AMCNI and 25/7 Media.

In our International and Other segment, we earn revenue principally from the international distribution of programming and, to a lesser extent, the sale of advertising from our AMCNI programming networks. We also earn revenue through production services from 25/7 Media. For the nine months ended September 30, 2023, distribution revenues represented 81% of the revenues of the International and Other segment. Distribution revenue primarily includes subscription fees paid by distributors to carry our programming networks and production services revenue generated from 25/7 Media. Our subscription revenues are generally based on either a per-subscriber fee or a fixed contractual annual fee, under multi-year affiliation agreements. Subscription revenues are derived from the distribution of our programming networks primarily in Europe, and to a lesser extent, Latin America. Our production services revenues are based on master production agreements whereby a third-party engages us to produce content on its behalf. Production services revenues are recognized based on the percentage of cost incurred to total estimated cost of the contract.

Programming expenses, program operating costs and production costs incurred to produce content for third parties are included in technical and operating expenses, and represent the largest expense of the International and Other segment. Programming expenses primarily consist of amortization of acquired content, costs of dubbing and sub-titling of programs, and production costs. Program operating costs include costs such as origination, transmission, uplinking and encryption of our linear AMCNI channels as well as content hosting and delivery costs at our various on-line content distribution initiatives. Our programming efforts are not all commercially successful, which could result in a write-off of program rights. If events or changes in circumstances indicate that the fair value of program rights predominantly monetized individually or a film group is less than its unamortized cost, the Company will write off the excess to technical and operating expenses in the consolidated statements of income. Program rights with no future programming usefulness are substantively abandoned resulting in the write-off of remaining unamortized cost.

### Corporate / Inter-segment Eliminations

Corporate operations primarily consist of executive management and administrative support services, such as executive salaries and benefits costs, costs of maintaining corporate headquarters, facilities and common support functions. The segment financial information set forth below, including the discussion related to individual line items, does not reflect inter-segment eliminations unless specifically indicated.

### **Impact of Economic Conditions**

Our future performance is dependent, to a large extent, on general economic conditions including the impact of direct competition, our ability to manage our businesses effectively, and our relative strength and leverage in the marketplace, both with suppliers and customers. Additionally, changes in macroeconomic facts and circumstances, particularly high inflation and the rise in interest rates, may adversely impact our results of operations, cash flows and financial position or our ability to refinance our indebtedness on terms favorable to us, or at all.

Capital and credit market disruptions, as well as other events such as pandemics or other health emergencies, inflation, international conflict and recession, could cause economic downturns, which may lead to lower demand for our products, such as lower demand for television advertising and a decrease in the number of subscribers receiving our programming services. Events such as these may adversely impact our results of operations, cash flows and financial position.

## Consolidated Results of Operations

The amounts presented and discussed below represent 100% of each operating segment's revenues, net and expenses. Where we have management control of an entity, we consolidate 100% of such entity in our consolidated statements of income notwithstanding that a third-party owns an interest, which may be significant, in such entity. The noncontrolling owner's interest in the operating results of consolidated subsidiaries are reflected in net income attributable to noncontrolling interests in our consolidated statements of income.

### Three and Nine Months Ended September 30, 2023 and 2022

The following table sets forth our consolidated results of operations for the periods indicated.

(In thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Change	2023	2022	Change
<b>Revenues, net:</b>						
Subscription	\$ 388,308	\$ 402,103	(3.4)%	\$ 1,183,562	\$ 1,209,989	(2.2)%
Content licensing and other	82,224	82,101	0.1 %	315,945	278,085	13.6 %
Distribution and other	470,532	484,204	(2.8)%	1,499,507	1,488,074	0.8 %
Advertising	166,422	197,639	(15.8)%	533,522	643,951	(17.1)%
Total revenues, net	636,954	681,843	(6.6)%	2,033,029	2,132,025	(4.6)%
<b>Operating expenses:</b>						
Technical and operating (excluding depreciation and amortization)	284,900	293,459	(2.9)%	933,590	903,468	3.3 %
Selling, general and administrative	187,232	207,972	(10.0)%	567,136	670,444	(15.4)%
Depreciation and amortization	28,009	29,735	(5.8)%	79,629	79,556	0.1 %
Impairment and other charges	5,400	—	n/m	30,282	—	n/m
Restructuring and other related charges	10,563	—	n/m	22,537	—	n/m
Total operating expenses	516,104	531,166	(2.8)%	1,633,174	1,653,468	(1.2)%
Operating income	120,850	150,677	(19.8)%	399,855	478,557	(16.4)%
<b>Other income (expense):</b>						
Interest expense, net	(27,071)	(30,683)	(11.8)%	(88,360)	(88,533)	(0.2)%
Miscellaneous, net	(2,211)	(1,546)	43.0 %	12,518	3,540	253.6 %
Total other expense	(29,282)	(32,229)	(9.1)%	(75,842)	(84,993)	(10.8)%
Income from operations before income taxes	91,568	118,448	(22.7)%	324,013	393,564	(17.7)%
Income tax expense	(23,671)	(28,456)	(16.8)%	(82,725)	(103,118)	(19.8)%
Net income including noncontrolling interests	67,897	89,992	(24.6)%	241,288	290,446	(16.9)%
Net income attributable to noncontrolling interests	(4,473)	(5,326)	(16.0)%	(4,015)	(18,163)	(77.9)%
Net income attributable to AMC Networks' stockholders	\$ 63,424	\$ 84,666	(25.1)%	\$ 237,273	\$ 272,283	(12.9)%

## Revenues

### Three months ended September 30, 2023 vs. 2022

Subscription revenues decreased 4.9% in our Domestic Operations segment primarily due to a decline in affiliate revenues, partially offset by an increase in streaming revenues. The decrease in our Domestic Operations segment was partially offset by a 6.5% increase in our International and Other segment primarily due to the favorable impact of foreign currency translation at AMCNI.

Subscription revenues vary based on the impact of renewals of affiliation agreements and the number of subscribers to our services. We expect linear subscriber decline to continue, consistent with the declines across the cable ecosystem.

Content licensing and other revenues increased 7.1% in our Domestic Operations segment primarily due to the timing and availability of deliveries. The increase in our Domestic Operations segment was partially offset by a 23.9% decrease in our International and Other segment primarily due to a reduction in the volume of productions at 25/7 Media driven by reduced demand for new content and series cancellations from third parties.



Content licensing revenues vary based on the timing of availability of our programming to distributors, including AMC Studios produced series for third parties, and the timing and volume of productions at 25/7 Media. In addition, we expect content licensing revenues in our Domestic Operations segment to face pressure in 2024 due to reduced availability of original programming.

Advertising revenues decreased 18.4% in our Domestic Operations segment primarily due to linear ratings declines, a challenging advertising market and fewer original programming episodes within the quarter, partially offset by digital and advanced advertising revenue growth. The decrease in our Domestic Operations segment was partially offset by a 10.9% increase in our International and Other segment primarily due to favorable impact of foreign currency translation at AMCNI and digital and advanced advertising growth in the U.K.

Advertising revenues vary based on the timing of our original programming series and the popularity of our programming as measured by Nielsen. Advertising revenue has declined in 2023 compared to 2022 and we expect advertising revenue to continue to decline as the advertising market gravitates toward other distribution platforms.

#### Nine months ended September 30, 2023 vs. 2022

Subscription revenues decreased primarily due to a 2.6% decrease in our Domestic Operations segment due to a decline in affiliate revenues, partially offset by an increase in streaming revenues.

Content licensing and other revenues increased 28.5% in our Domestic Operations segment primarily due to the timing and availability of deliveries in the period, including \$56.1 million for the delivery of the remaining episodes of an AMC Studios produced series to a third party and the \$20.3 million impact associated with the termination of an output agreement that resulted in the acceleration of revenue previously anticipated to be recognized in 2024. The increase in our Domestic Operations segment was partially offset by a 25.9% decrease in our International and Other segment due to a reduction in the volume of productions at 25/7 Media driven by reduced demand for new content and series cancellations from third parties.

Advertising revenues decreased 18.4% in our Domestic Operations segment primarily due to linear ratings declines, softness in the advertising market and fewer original programming episodes within the period, partially offset by digital and advanced advertising revenue growth. Advertising revenues also decreased 5.4% in our International and Other segment, primarily due to the impact of the wind-down of two channels in 2022 and marketplace declines in the U.K.

#### Technical and operating expenses (excluding depreciation and amortization)

The components of technical and operating expenses primarily include the amortization of program rights, such as those for original programming, feature films and licensed series, and other direct programming costs, such as participation and residual costs, distribution and production related costs and program delivery costs, such as transmission, encryption, hosting, and formatting.

There may be significant changes in the level of our technical and operating expenses due to original programming costs and/or content acquisition costs. As competition for programming increases, costs for content acquisition and original programming may increase.

#### Three months ended September 30, 2023 vs. 2022

Technical and operating expenses (excluding depreciation and amortization) decreased 0.9% in our Domestic Operations segment primarily due to a decrease in program rights amortization. Technical and operating expenses (excluding depreciation and amortization) also decreased 11.0% in our International and Other segment primarily due to a reduction in the volume of productions at 25/7 Media driven by reduced demand for new content and series cancellations from third parties.

#### Nine months ended September 30, 2023 vs. 2022

Technical and operating expenses (excluding depreciation and amortization) increased 8.2% in our Domestic Operations segment primarily due to costs associated with the delivery of the remaining episodes of an AMC Studios produced series to a third party and an increase in program rights amortization primarily driven by the impact associated with the termination of an output agreement that resulted in the acceleration of program rights amortization previously anticipated to be recognized in 2024. The increase in our Domestic Operations segment was partially offset by a 16.1% decrease in our International and Other segment primarily due to a reduction in the volume of productions at 25/7 Media driven by reduced demand for new content and series cancellations from third parties.

#### Selling, general and administrative expenses

The components of selling, general and administrative expenses primarily include sales, marketing and advertising expenses, administrative costs and costs of non-production facilities.

There may be significant changes in the level of our selling, general and administrative expenses due to the timing of promotions and marketing of original programming series.

#### Three months ended September 30, 2023 vs. 2022

Selling, general and administrative expenses (including share-based compensation expenses) decreased 15.4% in our Domestic Operations segment primarily due to lower marketing and subscriber acquisition expenses related to our streaming services. The decrease in our Domestic Operations segment was partially offset by an increase of 18.9% in our International and Other segment primarily due to an increase in corporate overhead costs allocated to AMCNI.

#### Nine months ended September 30, 2023 vs. 2022

Selling, general and administrative expenses (including share-based compensation expenses) decreased 19.7% in our Domestic Operations segment primarily due to lower marketing and subscriber acquisition expenses related to our streaming services and decreased 12.5% in Corporate primarily due to lower employee related costs. The decrease in our Domestic Operations segment and in Corporate was partially offset by an increase of 4.9% in our International and Other segment primarily due to an increase in corporate overhead costs allocated to AMCNI.

#### Depreciation and amortization

Depreciation and amortization expenses include depreciation of fixed assets and amortization of finite-lived intangible assets.

#### Three months ended September 30, 2023 vs. 2022

Depreciation and amortization expense decreased primarily due to lower depreciation of equipment at Corporate and the impact of no longer amortizing intangible assets at 25/7 Media as a result of the impairment charge recognized in the second quarter of 2023.

#### Nine months ended September 30, 2023 vs. 2022

Depreciation and amortization expense increased due to higher depreciation of equipment at Corporate, partially offset by the impact of fully depreciated equipment in our Domestic Operations segment and the impact of no longer amortizing intangible assets at 25/7 Media as a result of the impairment charge recognized in the second quarter of 2023.

#### Impairment and other charges

During the third quarter of 2023, the Company recorded a \$5.4 million other charge.

During the second quarter of 2023, given the impact of market challenges at 25/7 Media, specifically as it relates to reduced demand for new content and series cancellations from third parties, the Company revised its outlook for the 25/7 Media business, resulting in lower expected future cash flows. As a result, the Company determined that sufficient indicators of potential impairment of long-lived assets and goodwill existed at 25/7 Media and an impairment charge of \$24.9 million was recorded. Refer to Note 7, Goodwill and Other Intangible Assets for additional details.

There were no impairment and other charges for the three and nine months ended September 30, 2022.

#### Restructuring and other related charges

During the third quarter of 2023, the Company substantially completed its 2022 restructuring plan and exited a portion of its office space in its corporate headquarters in New York and office space in Silver Spring, Maryland and Woodland Hills, California. In connection with exiting a portion of the New York office space, the Company recorded impairment charges of \$11.6 million, consisting of \$9.1 million for operating right-of-use assets and \$2.5 million for leasehold improvements. Refer to Note 4, Restructuring and Other Related Charges for additional details.

For the nine months ended September 30, 2023, additional restructuring and other related charges consisted primarily of severance and other employee-related costs, with \$3.9 million related to our Domestic Operations segment, \$1.6 million related to AMCNI and \$5.4 million related to Corporate.

There were no restructuring and other related charges for the three and nine months ended September 30, 2022.

#### Operating income

#### Three months ended September 30, 2023 vs. 2022

The decrease in operating income was primarily attributable to a decrease in revenues, net of \$44.9 million, restructuring and other related charges of \$10.6 million, and an other charge of \$5.4 million, partially offset by decreases in selling, general and administrative expenses of \$20.7 million and technical and operating expenses of \$8.6 million.

Nine months ended September 30, 2023 vs. 2022

The decrease in operating income was primarily attributable to a decrease in revenues, net of \$99.0 million, an increase in technical and operating expenses of \$30.1 million, impairment and other charges of \$30.3 million, and restructuring and other related charges of \$22.5 million, partially offset by a decrease in selling, general and administrative expenses of \$103.3 million.

Interest expense, net

Three months ended September 30, 2023 vs. 2022

The decrease in interest expense, net was primarily due to higher interest income from our money market mutual fund accounts and bank deposits, partially offset by higher interest rates on our Term Loan A Facility.

Nine months ended September 30, 2023 vs. 2022

The decrease in interest expense, net was primarily due to higher interest income from our money market mutual fund accounts and bank deposits, partially offset by higher interest rates on our Term Loan A Facility.

Miscellaneous, net

Three months ended September 30, 2023 vs. 2022

The decrease in miscellaneous, net was primarily related to a \$2.3 million unfavorable variance in the foreign currency remeasurement of monetary assets and liabilities (principally intercompany loans) that are denominated in currencies other than the underlying functional currency of the applicable entity and \$0.6 million of lower net earnings of equity method investees, partially offset by \$2.2 million of lower net losses on derivative financial instruments as compared to the three months ended September 30, 2022.

Nine months ended September 30, 2023 vs. 2022

The increase in miscellaneous, net was primarily related to \$15.8 million of higher net gains on derivative financial instruments as compared to the nine months ended September 30, 2022. This increase was partially offset by \$3.8 million of lower net gains on marketable securities and impairment charges of \$1.7 million related to certain investments in 2023.

Income tax expense

Three months ended September 30, 2023 vs. 2022

For the three months ended September 30, 2023, income tax expense was \$23.7 million representing an effective tax rate of 26%. The items resulting in variances from the federal statutory rate of 21% primarily consisted of state and local income tax expense and tax expense related to non-deductible compensation. For the three months ended September 30, 2022, income tax expense was \$28.5 million representing an effective tax rate of 24%. The items resulting in variances from the federal statutory rate of 21% primarily consisted of state and local income tax expense, tax expense for an increase in the valuation allowance for foreign taxes and tax expense related to non-deductible compensation.

Nine months ended September 30, 2023 vs. 2022

For the nine months ended September 30, 2023, income tax expense was \$82.7 million representing an effective tax rate of 26%. The items resulting in variances from the federal statutory rate of 21% primarily consisted of state and local income tax expense and tax expense related to non-deductible compensation. For the nine months ended September 30, 2022, income tax expense was \$103.1 million representing an effective tax rate of 26%. The items resulting in variances from the federal statutory rate of 21% primarily consisted of state and local income tax expense, tax expense for an increase in the valuation allowance for foreign taxes and tax expense related to non-deductible compensation.

## Segment Results of Operations

Our segment operating results are presented based on how we assess operating performance and internally report financial information. We use segment adjusted operating income as the measure of profit or loss for our operating segments. See Non-GAAP Financial Measures section below for our definition of Adjusted Operating Income and a reconciliation from Operating Income to Adjusted Operating Income on a segment and consolidated basis.

### Domestic Operations

The following table sets forth our Domestic Operations segment results for the periods indicated.

(In thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Change	2023	2022	Change
<b>Revenues, net:</b>						
Subscription	\$ 332,135	\$ 349,338	(4.9)%	\$ 1,013,419	\$ 1,040,110	(2.6)%
Content licensing and other	61,916	57,793	7.1	246,093	191,473	28.5
Distribution and other	394,051	407,131	(3.2)	1,259,512	1,231,583	2.3
Advertising	147,147	180,258	(18.4)	475,359	582,451	(18.4)
Total revenues, net	541,198	587,389	(7.9)	1,734,871	1,814,034	(4.4)
Technical and operating expenses (excluding depreciation and amortization) <sup>(a)</sup>	236,595	238,752	(0.9)	779,838	720,558	8.2
Selling, general and administrative expenses <sup>(b)</sup>	123,324	146,727	(16.0)	376,847	471,800	(20.1)
Majority-owned equity investees AOI	3,732	4,791	(22.1)	11,019	13,733	(19.8)
Segment adjusted operating income	\$ 185,011	\$ 206,701	(10.5)%	\$ 589,205	\$ 635,409	(7.3)%
(a) Technical and operating expenses exclude cloud computing amortization						
(b) Selling, general and administrative expenses exclude share-based compensation expenses						

### Revenues

#### Three months ended September 30, 2023 vs. 2022

Subscription revenues decreased primarily due to a 13.1% decline in affiliate revenues, partially offset by an 8.6% increase in streaming revenues. Affiliate revenues decreased due to basic subscriber declines and a 3% impact of a strategic non-renewal that occurred at the end of 2022. Streaming revenues increased due to year-over-year subscriber growth and price increases. Subscription revenues include revenues related to the Company's streaming services of \$142.5 million and \$131.2 million for the three months ended September 30, 2023 and 2022, respectively. Aggregate paid subscribers<sup>2</sup> to our streaming services increased 3.8% to 11.1 million at September 30, 2023 compared to 10.7 million at September 30, 2022.

Content licensing and other revenues increased primarily due to the timing and availability of deliveries.

Advertising revenues decreased due to linear ratings declines, a challenging advertising market and fewer original programming episodes within the quarter, partially offset by digital and advanced advertising revenue growth.

#### Nine months ended September 30, 2023 vs. 2022

Subscription revenues decreased primarily due to a 12.5% decline in affiliate revenues, partially offset by a 16.0% increase in streaming revenues. Affiliate revenues decreased due to basic subscriber declines and a 3% impact of a strategic non-renewal that occurred at the end of 2022. Streaming revenues increased due to year-over-year subscriber growth and price increases. Subscription revenues include revenues related to the Company's streaming services of \$420.8 million and \$362.9 million for the nine months ended September 30, 2023 and 2022, respectively.

Content licensing and other revenues increased primarily due to the timing and availability of deliveries, including \$56.1 million for the delivery of the remaining episodes of an AMC Studios produced series to a third party and a \$20.3 million impact associated with the termination of an output agreement that resulted in the acceleration of revenue previously anticipated to be recognized in 2024.

Advertising revenues decreased due to linear ratings declines, softness in the advertising market and fewer original programming episodes within the period, partially offset by digital and advanced advertising revenue growth.

<sup>2</sup> A paid subscription is defined as a subscription to a direct-to-consumer service or a subscription received through distributor arrangements, in which we receive a fee for the distribution of our streaming services.

Technical and operating expenses (excluding depreciation and amortization)

Three months ended September 30, 2023 vs. 2022

Technical and operating expenses (excluding depreciation and amortization) decreased primarily due to a decrease in program rights amortization.

Nine months ended September 30, 2023 vs. 2022

Technical and operating expenses (excluding depreciation and amortization) increased primarily due to costs associated with the delivery of the remaining episodes of an AMC Studios produced series to a third party and an increase in program rights amortization, including the impact associated with the termination of an output agreement that resulted in the acceleration of program rights amortization previously anticipated to be recognized in 2024.

Selling, general and administrative expenses

Three months ended September 30, 2023 vs. 2022

Selling, general and administrative expenses decreased primarily due to lower marketing and subscriber acquisition expenses related to our streaming services.

Nine months ended September 30, 2023 vs. 2022

Selling, general and administrative expenses decreased primarily due to lower marketing and subscriber acquisition expenses related to our streaming services.

Segment adjusted operating income

Three months ended September 30, 2023 vs. 2022

The decrease in segment adjusted operating income was primarily attributable to a decrease in revenues, net of \$46.2 million, partially offset by decreases in selling, general and administrative expenses of \$23.4 million and technical and operating expenses of \$2.2 million.

Nine months ended September 30, 2023 vs. 2022

The decrease in segment adjusted operating income was primarily attributable to a decrease in revenues, net of \$79.2 million and an increase in technical and operating expenses of \$59.3 million, partially offset by a decrease in selling, general and administrative expenses of \$95.0 million.

**International and Other**

The following table sets forth our International and Other segment results for the periods indicated.

(In thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Change	2023	2022	Change
Revenues, net:						
Subscription	\$ 56,173	\$ 52,765	6.5 %	\$ 170,143	\$ 169,879	0.2 %
Content licensing and other	22,150	29,124	(23.9)	76,668	103,513	(25.9)
Distribution and other	78,323	81,889	(4.4)	246,811	273,392	(9.7)
Advertising	19,275	17,381	10.9	58,163	61,500	(5.4)
Total revenues, net	97,598	99,270	(1.7)	304,974	334,892	(8.9)
Technical and operating expenses (excluding depreciation and amortization)	52,089	58,528	(11.0)	162,630	193,924	(16.1)
Selling, general and administrative expenses <sup>(a)</sup>	32,442	27,432	18.3	88,954	85,459	4.1
Segment adjusted operating income	\$ 13,067	\$ 13,310	(1.8)%	\$ 53,390	\$ 55,509	(3.8)%

(a) Selling, general and administrative expenses exclude share-based compensation expenses

Revenues

Three months ended September 30, 2023 vs. 2022

Subscription revenues increased primarily due to the favorable impact of foreign currency translation at AMCNI.

Content licensing and other revenues decreased due to a reduction in the volume of productions at 25/7 Media driven by reduced demand for new content and series cancellations from third parties.

Advertising revenues increased primarily due to the favorable impact of foreign currency translation at AMCNI and digital and advanced advertising growth in the U.K.

Nine months ended September 30, 2023 vs. 2022

Subscription revenues increased primarily due to the favorable impact of foreign currency translation at AMCNI.

Content licensing and other revenues decreased due to a reduction in the volume of productions at 25/7 Media driven by reduced demand for new content and series cancellations from third parties.

Advertising revenues decreased primarily due to the impact of the wind-down of two channels in 2022 and marketplace declines in the U.K.

Technical and operating expenses (excluding depreciation and amortization)

Three months ended September 30, 2023 vs. 2022

Technical and operating expenses (excluding depreciation and amortization) decreased due to a reduction in the volume of productions at 25/7 Media driven by reduced demand for new content and series cancellations from third parties.

Nine months ended September 30, 2023 vs. 2022

Technical and operating expenses (excluding depreciation and amortization) decreased due to a reduction in the volume of productions at 25/7 Media driven by reduced demand for new content and series cancellations from third parties, as well as lower program rights amortization at AMCNI, primarily resulting from the impact of the wind-down of two channels in 2022 in the U.K.

Selling, general and administrative expenses

Three months ended September 30, 2023 vs. 2022

Selling, general and administrative expenses increased primarily due to an increase in corporate overhead costs allocated to AMCNI.

Nine months ended September 30, 2023 vs. 2022

Selling, general and administrative expenses increased primarily due to an increase in corporate overhead costs allocated to AMCNI.

Segment adjusted operating income

Three months ended September 30, 2023 vs. 2022

The decrease in segment adjusted operating income was primarily attributable to an increase in selling, general and administrative expenses of \$5.0 million and a decrease in revenues, net of \$1.7 million, partially offset by a decrease in technical and operating expenses of \$6.4 million.

Nine months ended September 30, 2023 vs. 2022

The decrease in segment adjusted operating income was primarily attributable to a decrease in revenues, net of \$29.9 million and an increase in selling, general and administrative expenses of \$3.5 million, partially offset by a decrease in technical and operating expenses of \$31.3 million.

**Corporate and Inter-segment Elimination**

The following table sets forth our Corporate and Inter-segment Eliminations segment results for the periods indicated.

(In thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Change	2023	2022	Change
Revenues, net:	\$ (1,842)	\$ (4,816)	(61.8)%	\$ (6,816)	\$ (16,901)	(59.7)%
Technical and operating expenses (excluding depreciation and amortization) <sup>(a)</sup>	(3,849)	(3,912)	(1.6)%	(9,071)	(11,295)	(19.7)
Selling, general and administrative expenses <sup>(b)</sup>	22,817	24,802	(8.0)%	75,042	84,281	(11.0)
Segment adjusted operating income	\$ (20,810)	\$ (25,706)	(19.0)%	\$ (72,787)	\$ (89,887)	(19.0)%

(a) Technical and operating expenses exclude cloud computing amortization

(b) Selling, general and administrative expenses exclude share-based compensation expenses and cloud computing amortization

### Revenues, net

Revenue eliminations are primarily related to inter-segment licensing revenues recognized between the Domestic Operations and International and Other segments.

### Technical and operating expenses (excluding depreciation and amortization)

Technical and operating expense eliminations are primarily related to inter-segment programming amortization recognized between the Domestic Operations and International and Other segments.

### Selling, general and administrative expenses

Corporate overhead costs not allocated to the segments include such costs as executive salaries and benefits, costs of maintaining corporate headquarters, facilities and common support functions.

Selling, general and administrative expenses for the three and nine months ended September 30, 2023 compared to 2022 decreased primarily due to lower employee related costs.

## **Non-GAAP Financial Measures**

We evaluate segment performance based on several factors, of which the primary financial measure is operating segment AOI. We define AOI, which is a financial measure that is not calculated in accordance with generally accepted accounting principles ("GAAP"), as operating income (loss) before share-based compensation expenses or benefit, depreciation and amortization, impairment and other charges (including gains or losses on sales or dispositions of businesses), restructuring and other related charges, cloud computing amortization and including the Company's proportionate share of adjusted operating income (loss) from majority-owned equity method investees. From time to time, we may exclude the impact of certain events, gains, losses or other charges (such as significant legal settlements) from AOI that affect our operating performance.

We believe that AOI is an appropriate measure for evaluating the operating performance on both an operating segment and consolidated basis. AOI and similar measures with similar titles are common performance measures used by investors, analysts and peers to compare performance in the industry.

Internally, we use revenues, net and AOI as the most important indicators of our business performance, and evaluate management's effectiveness with specific reference to these indicators. AOI should be viewed as a supplement to and not a substitute for operating income (loss), net income (loss), cash flows from operating activities and other measures of performance and/or liquidity presented in accordance with GAAP. Since AOI is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similar measures with similar titles used by other companies.

The following is a reconciliation of operating income (loss) to AOI for the periods indicated:

(In thousands)	Three Months Ended September 30, 2023			
	Domestic Operations	International and Other	Corporate / Inter-segment Eliminations	Consolidated
Operating income (loss)	\$ 161,627	\$ 7,985	\$ (48,762)	\$ 120,850
Share-based compensation expenses	3,494	815	2,069	6,378
Depreciation and amortization	11,536	4,271	12,202	28,009
Restructuring and other related charges (credits)	(783)	(4)	11,350	10,563
Impairment and other charges	5,400	—	—	5,400
Cloud computing amortization	5	—	2,331	2,336
Majority owned equity investees AOI	3,732	—	—	3,732
Adjusted operating income (loss)	<u>\$ 185,011</u>	<u>\$ 13,067</u>	<u>\$ (20,810)</u>	<u>\$ 177,268</u>

**Three Months Ended September 30, 2022**

(In thousands)	Domestic Operations	International and Other	Corporate / Inter-segment Eliminations	Consolidated
Operating income (loss)	\$ 186,609	\$ 8,291	\$ (44,223)	\$ 150,677
Share-based compensation expenses	3,155	537	3,358	7,050
Depreciation and amortization	12,141	4,482	13,112	29,735
Cloud computing amortization	5	—	2,047	2,052
Majority owned equity investees AOI	4,791	—	—	4,791
Adjusted operating income (loss)	<u>\$ 206,701</u>	<u>\$ 13,310</u>	<u>\$ (25,706)</u>	<u>\$ 194,305</u>

**Nine Months Ended September 30, 2023**

(In thousands)	Domestic Operations	International and Other	Corporate / Inter-segment Eliminations	Consolidated
Operating income (loss)	\$ 523,645	\$ 10,422	\$ (134,212)	\$ 399,855
Share-based compensation expenses	10,133	2,500	7,038	19,671
Depreciation and amortization	35,053	13,944	30,632	79,629
Restructuring and other related charges	3,940	1,642	16,955	22,537
Impairment and other charges	5,400	24,882	—	30,282
Cloud computing amortization	15	—	6,800	6,815
Majority owned equity investees AOI	11,019	—	—	11,019
Adjusted operating income (loss)	<u>\$ 589,205</u>	<u>\$ 53,390</u>	<u>\$ (72,787)</u>	<u>\$ 569,808</u>

**Nine Months Ended September 30, 2022**

(In thousands)	Domestic Operations	International and Other	Corporate / Inter-segment Eliminations	Consolidated
Operating income (loss)	\$ 573,943	\$ 39,733	\$ (135,119)	\$ 478,557
Share-based compensation expenses	10,000	1,758	12,104	23,862
Depreciation and amortization	37,716	14,018	27,822	79,556
Cloud computing amortization	17	—	5,306	5,323
Majority owned equity investees AOI	13,733	—	—	13,733
Adjusted operating income (loss)	<u>\$ 635,409</u>	<u>\$ 55,509</u>	<u>\$ (89,887)</u>	<u>\$ 601,031</u>

### Liquidity and Capital Resources

Our operations typically generate positive net cash flow from operating activities. However, each of our programming businesses has substantial programming acquisition and production expenditure requirements.

Our primary source of cash typically includes cash flow from operations. Sources of cash also include amounts available under our revolving credit facility and, subject to market conditions, access to capital and credit markets. Although we currently believe that amounts available under our revolving credit facility will be available when and if needed, we can provide no assurance that access to such funds will not be impacted by adverse conditions in the financial markets. The obligations of the financial institutions under our revolving credit facility are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others. As a public company, we may have access to capital and credit markets, although adverse conditions in the financial markets have in the past impacted, and are expected in the future to impact, access to those markets.

Our Board of Directors previously authorized a program to repurchase up to \$1.5 billion of our outstanding shares of common stock (the "Stock Repurchase Program"). The Stock Repurchase Program has no pre-established closing date and may be suspended or discontinued at any time. For the three and nine months ended September 30, 2023, we did not repurchase any of our Class A common stock. As of September 30, 2023, we had \$135.3 million of authorization remaining for repurchase under the Stock Repurchase Program.



In October 2023, we entered into an agreement enabling us to sell certain customer receivables to a financial institution on a recurring basis for cash. The transferred receivables will be fully guaranteed by a bankruptcy-remote entity and the financial institution that purchases the receivables will have no recourse to our other assets in the event of non-payment by the customers. We can sell an indefinite amount of customer receivables under the agreement on a revolving basis, but the outstanding balance of unpaid customer receivables to the financial institution cannot exceed the initial program limit of \$125.0 million at any given time. As of the date of this report, we have not yet sold any customer receivables under this agreement.

Our principal uses of cash include the production, acquisition and promotion of programming, technology investments, debt service and payments for income taxes. We continue to invest in original programming, the funding of which generally occurs a minimum of nine months in advance of a program's airing.

As of September 30, 2023, approximately \$198.0 million of cash and cash equivalents, previously held by foreign subsidiaries, was repatriated to the United States. Our consolidated cash and cash equivalents balance of \$955.2 million, as of September 30, 2023, includes approximately \$170.9 million held by foreign subsidiaries. Of this amount, approximately \$60.0 million is expected to be repatriated to the United States with the remaining amount continuing to be reinvested in foreign operations. Tax expense related to the repatriated amount, as well as the expected remaining repatriation amount, has been accrued in the current period and the Company does not expect to incur any significant, additional taxes related to the remaining balance.

We believe that a combination of cash-on-hand, cash generated from operating activities, availability under our revolving credit facility and new accounts receivable monetization program, borrowings under additional financing facilities and, when we have access to capital and credit markets, proceeds from the sale of new debt, will provide sufficient liquidity to service the principal and interest payments on our indebtedness, along with our other funding and investment requirements over the next twelve months and over the longer term. However, we do not expect to generate sufficient cash from operations to repay the then outstanding balances of our debt at the applicable maturity dates. As a result, we will be dependent upon our ability to access the capital and credit markets in order to repay, refinance, repurchase through privately negotiated transactions, open market repurchases, tender offers or otherwise or redeem the outstanding balances of our indebtedness. On November 3, 2023, we gave notice of our intention to redeem the remaining \$400 million outstanding principal amount of our 5.00% senior notes due 2024 (the "2024 Notes") on December 12, 2023 (the "Redemption Date"). The 2024 Notes will be redeemed at a redemption price of 100.000% of the principal amount of the 2024 Notes plus accrued and unpaid interest to, but excluding, the Redemption Date. Given the maturity date of our \$800 million of 4.75% senior notes due 2025, we may access the capital or credit markets in the near term to refinance those senior notes through privately negotiated transactions, open market repurchases, tender offers or redemptions.

Failure to raise significant amounts of funding to repay our outstanding debt obligations at their respective maturity dates would adversely affect our business. In such a circumstance, we would need to take other actions including selling assets, seeking strategic investments from third parties or reducing other discretionary uses of cash. For information relating to our outstanding debt obligations, refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Debt Financing Agreements" of our 2022 Form 10-K.

In addition, economic or market disruptions could lead to lower demand for our services, such as loss of subscribers and lower levels of advertising. These events would adversely impact our results of operations, cash flows and financial position.

The revolving credit facility was not drawn upon at September 30, 2023. The total undrawn revolver commitment is available to be drawn for our general corporate purposes.

In April 2023, the Company entered into Amendment No. 2 ("Amendment No. 2") to the Second Amended and Restated Credit Agreement (the "Credit Agreement"). Amendment No. 2 (i) reduced the aggregate principal amount of the revolving loan commitments under the Credit Agreement from \$500 million to \$400 million, (ii) replaced the interest rate based on London Interbank Offered Rate with an interest rate based on the Secured Overnight Financing Rate, (iii) increased the Company's ability to incur additional debt in the future to provide additional flexibility for future financings, including increasing the amount of the incremental debt basket to the greater of \$1.2 billion and the amount that would not cause the senior secured leverage ratio to exceed 3.00 to 1.00 on a pro forma basis and (iv) made certain other modifications to the Credit Agreement. The maturity date of the Term Loan A Facility and revolving credit facility under the Credit Agreement is February 8, 2026. In connection with the modification of the revolving loan commitments, the Company recorded \$0.6 million to write-off a portion of the unamortized deferred financing costs, which is included in interest expense within the consolidated statements of income for the nine months ended September 30, 2023.

AMC Networks was in compliance with all of its debt covenants as of September 30, 2023.

## Cash Flow Discussion

The following table is a summary of cash flows provided by (used in) operating, investing and financing activities for the periods indicated:

(In thousands)	Nine Months Ended September 30,	
	2023	2022
Cash provided by operating activities	\$ 131,139	\$ 36,591
Cash used in investing activities	(19,234)	(28,623)
Cash used in financing activities	(84,907)	(80,208)
Net increase (decrease) in cash and cash equivalents from operations	\$ 26,998	\$ (72,240)

### *Operating Activities*

Net cash provided by operating activities for the nine months ended September 30, 2023 and 2022 amounted to \$131.1 million and \$36.6 million, respectively.

For the nine months ended September 30, 2023, net cash provided by operating activities primarily resulted from \$1,033.6 million of net income before amortization of program rights, depreciation and amortization, and other non-cash items, partially offset by payments for program rights of \$844.3 million and restructuring initiatives of \$101.6 million. Changes in all other assets and liabilities resulted in a net cash inflow of \$43.4 million.

For the nine months ended September 30, 2022, net cash provided by operating activities primarily resulted from net income before amortization of program rights, depreciation and amortization, and other non-cash items of \$1,069.8 million, partially offset by payments for program rights of \$1,065.9 million. Changes in all other assets and liabilities resulted in a net cash inflow of \$32.7 million.

### *Investing Activities*

Net cash used in investing activities for the nine months ended September 30, 2023 and 2022 amounted to \$19.2 million and \$28.6 million, respectively.

For the nine months ended September 30, 2023, net cash used in investing activities consisted primarily of capital expenditures of \$28.4 million, partially offset by proceeds from the sale of investments of \$8.6 million.

For the nine months ended September 30, 2022, net cash used in investing activities consisted of capital expenditures of \$33.5 million and an additional investment in an equity security of \$5.0 million, partially offset by proceeds from the sale of a marketable equity security of \$9.9 million.

### *Financing Activities*

Net cash used in financing activities for the nine months ended September 30, 2023 and 2022 amounted to \$84.9 million and \$80.2 million, respectively.

For the nine months ended September 30, 2023, net cash used in financing activities primarily consisted of distributions to noncontrolling interests of \$47.5 million, principal payments on the Term Loan A Facility of \$25.3 million, taxes paid in lieu of shares issued for equity-based compensation of \$7.2 million, and principal payments on finance leases of \$3.1 million.

For the nine months ended September 30, 2022, net cash used in financing activities consisted of distributions to noncontrolling interests of \$28.2 million, principal payments on the Term Loan A Facility of \$25.3 million, taxes paid in lieu of shares issued for equity-based compensation of \$21.6 million, principal payments on finance leases of \$2.6 million, and the purchase of noncontrolling interests of \$2.5 million.

## Contractual Obligations

As of September 30, 2023, our contractual obligations not reflected on the condensed consolidated balance sheet increased \$20.6 million, as compared to December 31, 2022, to \$932.8 million. The increase was primarily driven by additional program rights commitments and the renewal of a third-party service contract, partially offset by payments for program rights.

## Supplemental Guarantor Financial Information

The following is a description of the terms and conditions of the guarantees with respect to the outstanding notes for which AMC Networks is the issuer.

### Note Guarantees

Debt of AMC Networks as of September 30, 2023 included \$400.0 million of the 2024 Notes, \$800.0 million of 4.75% Notes due August 2025 and \$1.0 billion of 4.25% Notes due February 2029 (collectively, the “notes”). The notes were issued by AMC Networks and are unconditionally guaranteed, jointly and severally, on an unsecured basis, by each of AMC Networks’ existing and future domestic restricted subsidiaries, subject to certain exceptions (each, a “Guarantor Subsidiary,” and collectively, the “Guarantor Subsidiaries”). The obligations of each Guarantor Subsidiary under its note guarantee are limited as necessary to prevent such note guarantee from constituting a fraudulent conveyance under applicable law. A guarantee of the notes by a Guarantor Subsidiary is subject to release in the following circumstances: (i) any sale or other disposition of all of the capital stock of a Guarantor Subsidiary to a person that is not (either before or after giving effect to such transaction) a restricted subsidiary, in compliance with the terms of the applicable indenture; (ii) the designation of a restricted subsidiary as an “Unrestricted Subsidiary” under the applicable indenture; or (iii) the release or discharge of the guarantee (including the guarantee under the AMC Networks’ credit agreement) which resulted in the creation of the note guarantee (provided that such Guarantor Subsidiary does not have any preferred stock outstanding at such time that is not held by AMC Networks or another Guarantor Subsidiary).

Foreign subsidiaries of AMC Networks do not and will not guarantee the notes.

The following tables present the summarized financial information specified in Rule 1-02(bb)(1) of Regulation S-X for AMC Networks and each Guarantor Subsidiary. The summarized financial information has been prepared in accordance with Rule 13-01 of Regulation S-X.

### Summarized Financial Information

#### Income Statement

(In thousands)	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
	Parent Company	Guarantor Subsidiaries	Parent Company	Guarantor Subsidiaries
Revenues	\$ —	\$ 1,466,115	\$ —	\$ 1,513,831
Operating expenses	—	1,107,533	—	1,104,348
Operating income	\$ —	\$ 358,582	\$ —	\$ 409,483
Income before income taxes	\$ 307,735	\$ 428,244	\$ 365,942	\$ 467,752
Net income	237,273	421,629	272,283	461,433

#### Balance Sheet

(In thousands)	September 30, 2023		December 31, 2022	
	Parent Company	Guarantor Subsidiaries	Parent Company	Guarantor Subsidiaries
<b>Assets</b>				
Amounts due from subsidiaries	\$ —	\$ 33,374	\$ —	\$ 79,020
Current assets	7,980	1,437,697	44,045	1,258,759
Non-current assets	4,147,117	3,457,558	3,893,205	3,706,858
<b>Liabilities and equity:</b>				
Amounts due to subsidiaries	\$ 71,910	\$ 1,836	\$ 68,682	\$ 6,783
Current liabilities	587,762	629,004	157,658	872,109
Non-current liabilities	2,516,659	232,256	2,972,602	330,467

## **Critical Accounting Policies and Estimates**

We describe our significant accounting policies in Note 2 to the Company's Consolidated Financial Statements included in our 2022 Form 10-K. There have been no significant changes in our significant accounting policies since December 31, 2022.

We discuss our critical accounting estimates in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our 2022 Form 10-K. There have been no significant changes in our critical accounting estimates since December 31, 2022.

During the third quarter of 2023, the Company substantially completed its 2022 restructuring plan and exited a portion of its office space in its corporate headquarters in New York and office space in Silver Spring, Maryland and Woodland Hills, California. In connection with exiting a portion of the New York office, the Company recorded impairment charges of \$11.6 million, consisting of \$9.1 million for operating lease right-of use assets and \$2.5 million for leasehold improvements. Fair values used to determine the impairment charge were determined using an income approach, specifically a discounted cash flow ("DCF") model. The DCF model includes significant assumptions about sublease income and enterprise specific discount rates. Given the uncertainty in determining assumptions underlying the DCF approach, actual results may differ from those used in the valuations.

25/7 Media is our production services business and is part of our International and Other segment. See "Item 1. Business - International and Other" in our 2022 Form 10-K for further details. During the second quarter of 2023, given the impact of market challenges at 25/7 Media, specifically as it relates to reduced demand for new content and series cancellations from third parties, the Company revised its outlook for the 25/7 Media business, resulting in lower expected future cash flows. As a result, the Company determined that sufficient indicators of potential impairment of long-lived assets existed at 25/7 Media. The Company performed a recoverability test and determined that the carrying amount of the 25/7 Media asset group was not recoverable. The carrying value of the asset group exceeded its fair value, therefore an impairment charge of \$23.0 million was recorded for identifiable intangible assets, which is included in impairment and other charges in the consolidated statement of income within the International and Other operating segment for the nine months ended September 30, 2023. Fair values used to determine the impairment charge were determined using an income approach, specifically a DCF model, and a market comparables approach. The DCF model includes significant assumptions about revenue growth rates, long-term growth rates and enterprise specific discount rates. Given the uncertainty in determining assumptions underlying the DCF approach, actual results may differ from those used in the valuations.

During the second quarter of 2023, the Company also determined that a triggering event had occurred with respect to the 25/7 Media reporting unit, which required an interim goodwill impairment test to be performed. Accordingly, the Company performed a quantitative assessment using an income approach, specifically a DCF model, and a market comparables approach. Based on the valuations performed, a \$1.9 million goodwill impairment charge was recorded, which is included in impairment and other charges in the consolidated statement of income, within the International and Other operating segment for the nine months ended September 30, 2023.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

### **Fair Value of Debt**

Based on the level of interest rates prevailing at September 30, 2023, the carrying value of our fixed rate debt of \$2.18 billion was more than its fair value of \$1.75 billion by approximately \$435.7 million. The fair value of these financial instruments is estimated based on reference to quoted market prices for these or comparable securities. A hypothetical 100 basis point decrease in interest rates prevailing at September 30, 2023 would increase the estimated fair value of our fixed rate debt by approximately \$41.4 million to approximately \$1.79 billion.

### **Managing our Interest Rate Risk**

To manage interest rate risk, we enter into interest rate swap contracts from time to time to adjust the amount of total debt that is subject to variable interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to limit the exposure against the risk of rising rates. We do not enter into interest rate swap contracts for speculative or trading purposes and we only enter into interest rate swap contracts with financial institutions that we believe are credit worthy counterparties. We monitor the financial institutions that are counterparties to our interest rate swap contracts and to the extent possible diversify our swap contracts among various counterparties to mitigate exposure to any single financial institution. For the three and nine months ended September 30, 2023, we did not have any interest rate swap contracts outstanding.

As of September 30, 2023, we had \$2.8 billion of debt outstanding (excluding finance leases), of which \$615.9 million is outstanding under our loan facility and is subject to variable interest rates. A hypothetical 100 basis point increase in interest

rates prevailing at September 30, 2023 would increase our annual interest expense by approximately \$6.2 million. The interest rate paid on approximately 78% of our debt (excluding finance leases) as of September 30, 2023 is fixed.

#### **Managing our Foreign Currency Exchange Rate Risk**

We are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our subsidiaries' respective functional currencies (non-functional currency risk), such as affiliation agreements, programming contracts, certain trade receivables and accounts payable (including intercompany amounts) that are denominated in a currency other than the applicable functional currency. Changes in exchange rates with respect to amounts recorded in our consolidated balance sheets related to these items will result in unrealized (based upon period-end exchange rates) or realized foreign currency transaction gains and losses upon settlement of the transactions. Moreover, to the extent that our revenue, costs and expenses are denominated in currencies other than our respective functional currencies, we will experience fluctuations in our revenue, costs and expenses solely as a result of changes in foreign currency exchange rates. The Company recognized losses of \$3.3 million and \$0.8 million for the three and nine months ended September 30, 2023, respectively, and losses of \$1.0 million and \$0.1 million for the three and nine months ended September 30, 2022, respectively, related to foreign currency transactions. Such amounts are included in miscellaneous, net in the condensed consolidated statements of income.

To manage foreign currency exchange rate risk, we enter into foreign currency contracts from time to time with financial institutions to limit our exposure to fluctuations in foreign currency exchange rates. We do not enter into foreign currency contracts for speculative or trading purposes.

We also are exposed to fluctuations of the U.S. dollar (our reporting currency) against the currencies of our operating subsidiaries when their respective financial statements are translated into U.S. dollars for inclusion in our condensed consolidated financial statements. Cumulative translation adjustments are recorded in accumulated other comprehensive income (loss) as a separate component of equity. Any increase (decrease) in the value of the U.S. dollar against any foreign currency that is the functional currency of one of our operating subsidiaries will cause us to experience unrealized foreign currency translation losses (gains) with respect to amounts already invested in such foreign currencies. Accordingly, we may experience a negative impact on our comprehensive income (loss) and equity with respect to our holdings solely as a result of changes in foreign currency exchange rates.

#### **Item 4. Controls and Procedures.**

##### **Disclosure Controls and Procedures**

An evaluation was carried out under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based upon that evaluation as of September 30, 2023, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

##### **Changes in Internal Control over Financial Reporting**

During the three months ended September 30, 2023, there were no changes in the Company's internal control over financial reporting, 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.

See Note 14, Commitments and Contingencies to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a description of our legal proceedings.

### Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

The Company's Board of Directors has authorized a program to repurchase up to \$1.5 billion of its outstanding shares of common stock (the "Stock Repurchase Program"). The authorization of up to \$500 million was announced on March 7, 2016, an additional authorization of \$500 million was announced on June 7, 2017, and an additional authorization of \$500 million was announced on June 13, 2018. The Stock Repurchase Program has no pre-established closing date and may be suspended or discontinued at any time.

For the three and nine months ended September 30, 2023, the Company did not repurchase any of its Class A common stock. As of September 30, 2023, the Company had \$135.3 million of authorization remaining for repurchase under the Stock Repurchase Program.

### Item 6. Exhibits.

#### (a) Index to Exhibits.

10.1	<a href="#">Employment Agreement dated August 15, 2023, between AMC Networks Inc. and Michael J. Sherin III</a>
22	<a href="#">Guarantor Subsidiaries of the Registrant</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32	<a href="#">Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.</a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

## SIGNATURES

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

AMC Networks Inc.

Date: November 3, 2023

By: /s/ Patrick O'Connell

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Patrick O'Connell

Executive Vice President and Chief Financial Officer

Date: November 3, 2023

By: /s/ Michael J. Sherin III

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Michael J. Sherin III

Executive Vice President and Chief Accounting Officer



August 15, 2023

Michael J. Sherin III  
c/o AMC Networks Inc.  
11 Penn Plaza  
New York, New York 10001

Re: Employment

Dear Mike:

I am pleased to forward this letter agreement (the "Agreement") setting forth the terms of your employment with AMC Networks Inc. which, together with its subsidiaries, and affiliates, is referred to herein as the "Company."

Upon execution by you and the Company, this Agreement will be effective as of your first day of employment (the "Effective Date"), which is currently anticipated to be August 17, 2023. The term of this Agreement shall commence as of the Effective Date and shall automatically expire on the three-year anniversary of the Effective Date (the "Expiration Date").

As of the Effective Date, you will be employed in the position of Executive Vice President and Chief Accounting Officer. You agree to devote substantially all of your business time and attention to the business and affairs of the Company and shall perform your duties in a diligent, competent and skillful manner and in accordance with applicable law. By signing this Agreement, you represent and warrant that you are aware of no obligations, contractual or otherwise, relating to a prior employer or any other entity for which you rendered services or with which you are or were affiliated which would prevent or prohibit you from accepting or commencing employment with the Company and/or performing fully your job responsibilities now or in the future.

Beginning on the Effective Date, your annual base salary will be not less than \$408,000, subject to annual review and potential increase by the Compensation Committee of the Board of Directors of AMC Networks Inc. (the "Compensation Committee"), in its discretion.

You will also be eligible to participate in our discretionary annual incentive bonus program ("AIP"). Beginning on the Effective Date, your annual target bonus opportunity will be equal to forty percent (40%) of salary. Bonus payments are based on actual salary dollars paid during the year and depend on a number of factors including Company, unit and individual performance. Notwithstanding the foregoing, for the fiscal year ending December 31, 2023, your target bonus opportunity will be \$163,200 and will not be pro-rated, provided, however, if, prior to the one-year anniversary of the Effective Date, your employment is terminated by the Company for "Cause", as defined below, or you voluntarily resign your employment, you agree: i) that you will not be entitled to receive an AIP bonus for 2023; and ii) if you have already received an AIP bonus for the 2023



fiscal year, you will repay the gross amount of any AIP bonus you previously received with respect to the 2023 fiscal year. The decision of whether or not to pay a bonus, and the amount of that bonus, if any, will be made by the Compensation Committee in its discretion. Except as otherwise provided herein, in order to receive a bonus, you must be employed by the Company at the time bonuses are being paid. Subject to the terms of this Agreement, any bonus shall be earned, only if and when actually paid to, and received by, you.

You will also be eligible, subject to your continued employment by the Company and actual grant by the Compensation Committee in its discretion, to participate in such long-term equity and other incentive programs as are made available in the future to similarly situated executives at the Company. Beginning with awards granted in 2024, it is expected that such awards will consist of annual grants of cash and/or equity awards with an annual target value of not less than \$340,000, as determined by the Compensation Committee. For calendar year 2023, you will be recommended to the Compensation Committee, in or about October 2023, for one-time grants of long-term incentive awards, which grants will be comprised of: 1) a one-time award of 13,885 restricted stock units; and 2) a one-time cash performance award with a target value of \$377,000. Any such awards would be subject to actual grant to you by the Compensation Committee in its discretion pursuant to the applicable plan documents and would be subject to terms and conditions established by the Compensation Committee in its discretion that would be detailed in separate agreements you would receive after any award is actually made; provided, however, that such terms and conditions shall be consistent with the terms and conditions of the grant agreements received by similarly situated executives; *provided, further*, that for the purposes of this provision, the Company's Chief Executive Officer shall not be deemed a "similarly situated executive."

You will also be eligible for our standard benefits program at the levels that are made available to similarly situated executives at the Company. Participation in our benefits program is subject to meeting the relevant eligibility requirements, payment of the required premiums, and the terms of the plans themselves. We currently offer medical, dental, vision, life, and accidental death and dismemberment insurance; short and long-term disability insurance; a savings and retirement program, and paid holidays. You will be entitled to four (4) weeks' vacation per year, to be accrued and used in accordance with Company policy. You will also be entitled to reimbursement of business expenses upon submission of appropriate documentation in accordance with Company policy.

If, prior to the Expiration Date, your employment is involuntarily terminated by the Company for reasons other than "Cause," then subject to your execution and the effectiveness of a severance agreement (the "Severance Agreement") to the Company's satisfaction (to include, without limitation, non-compete (limited to one year), non-disparagement, non-solicitation, confidentiality and further cooperation obligations/restrictions on you as well as a general release by you of the Company and its affiliates), you will be paid no less than an amount (the "Severance Amount") equal to:

- 1) One and one-half (1.5) times the sum of your annual base salary and annual target bonus opportunity each as in effect on the effective date of your termination (the "Termination Date"). Sixty percent (60%) of the payment provided for in this paragraph (the "First Payment") will be payable to you on the six-month anniversary of the Termination Date and the remaining forty percent (40%) will be payable to you on the twelve-month anniversary of the Termination Date; provided that the maximum portion of the First Payment that is exempt from

Section 409A (as defined below) will be payable to you on or before the seventy-fifth (75) day following the date your employment so terminates; *plus*

2) A prorated annual bonus based on the amount of your then current annual base salary actually earned by you during the fiscal year through the Termination Date, provided, that such bonus, if any, will be payable to you if and when such bonuses are generally paid to similarly situated employees and will be based on your then current annual target bonus as well as Company and your business unit performance as determined by the Company in its discretion, but without adjustment for your individual performance; *and*

3) If, as of the Termination Date, bonuses had not yet generally been paid to similarly situated employees with respect to the prior fiscal year, a bonus based on the amount of your base salary actually paid to you during such prior fiscal year, *provided*, that such bonus, if any, will be payable to you if and when such bonuses are generally paid to similarly situated employees and will be based on your annual target bonus that was in effect with respect to such prior fiscal year as well as Company and your business unit performance as determined by the Company, but without adjustment for your individual performance.

If you die after a termination of your employment that is subject to the above, your estate or beneficiaries will be provided any remaining benefits and rights under the above Sections (1) through (3).

In connection with any termination of your employment, your then outstanding long-term incentive awards shall be treated in accordance with their terms and, other than as provided in this Agreement, you shall not be eligible for severance benefits under any other plan, program or policy of the Company. Nothing in this Agreement is intended to limit any more favorable rights that you may be entitled to under your long-term incentive award agreements, including, without limitation, your rights in the event of a termination of your employment, a "Going Private Transaction" or a "Change of Control" (as those terms are defined in the applicable award agreement).

For purposes of this Agreement, "*Cause*" means, as determined by the Company, your (i) commission of an act of fraud, embezzlement, misappropriation, willful misconduct, gross negligence or breach of fiduciary duty against the Company or an affiliate thereof, or (ii) commission of any act or omission that results in a conviction, plea of no contest, plea of *nolo contendere*, or imposition of unadjudicated probation for any crime involving moral turpitude or any felony.

Effective immediately, you and the Company agree to be bound by the additional covenants and provisions applicable to each that are set forth in the *Annex* attached hereto, which *Annex* shall be deemed to be a part of this Agreement.

This Agreement does not constitute a guarantee of employment for any definite period or on any specific terms. Your employment is at will and may be terminated by you or the Company at any time, with or without notice or reason. The Company may withhold from any payment due to you any taxes that are required to be withheld under any law, rule or regulation. You acknowledge that any compensation earned, paid, awarded or provided to you will be subject to any clawback as may be required to be made pursuant to applicable law, government regulation or stock exchange listing requirement or any clawback policy adopted by the Company or its affiliates.

If any payment otherwise due to you hereunder would result in the imposition of the excise tax imposed by Section 4999 of the Internal Revenue Code, as amended (the "Code"), the Company will instead pay you either (i) such amount or (ii) the maximum amount that could be paid to you without the imposition of the excise tax, depending on whichever amount results in your receiving the greater amount of after-tax proceeds (as reasonably determined by the Company). In the event that any such payment or benefits payable to you hereunder would be reduced because of the imposition of such excise tax, then such reduction will be determined in a manner which has the least economic cost to you and, to the extent the economic cost is equivalent, such payments or benefits will be reduced in the inverse order of when the payments or benefits would have been made to you (i.e., later payments will be reduced first) until the reduction specified is achieved.

It is intended that this Agreement will comply with Section 409A of the Code (together with the applicable regulations thereunder, "Section 409A") and to the extent the Agreement is subject thereto, the Agreement shall be interpreted on a basis consistent with such intent. If and to the extent that any payment or benefit under this Agreement, or any plan, award or arrangement of the Company or its affiliates, constitutes "non-qualified deferred compensation" subject to Section 409A and is payable to you by reason of your termination of employment, then (a) such payment or benefit shall be made or provided to you only upon a "separation from service" as defined for purposes of Section 409A under applicable regulations and (b) if you are a "specified employee" (within the meaning of Section 409A as determined by the Company), such payment or benefit shall not be made or provided before the date that is six months after the date of your separation from service (or your earlier death) as set forth herein. Any amount not paid or benefit not provided in respect of the six-month period specified in the preceding sentence will be paid to you in the manner set forth in this Agreement. Any such payment or benefit shall be treated as a separate payment for purposes of Section 409A to the extent Section 409A applies to such payments.

This Agreement is personal to you and without the prior written consent of the Company shall not be assignable by you otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by your legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

The Company hereby agrees that it shall indemnify and hold you harmless to the fullest extent provided in Article VIII of the Company's By-Laws and on terms no less favorable as those applicable to other similarly situated executives of the Company. To the extent that the Company maintains officers' and directors' liability insurance, you will be covered under such policy subject to the exclusions and limitations set forth therein. The provisions of this Paragraph shall survive the expiration or termination of your employment and/or this Agreement as well as your execution of the Severance Agreement as provided for herein.

**To the extent permitted by law, you hereby waive any and all rights to the jury trial with respect to any matter relating to this Agreement.**

**This Agreement will be governed by and construed in accordance with the law of the State of New York applicable to contracts made and to be performed entirely within that State.**

You hereby irrevocably submit to the jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in the State of New York solely in respect of the interpretation and enforcement of the provisions of this

Agreement, and you hereby waive, and agree not to assert, as a defense that you are not subject thereto or that the venue thereof may not be appropriate. You hereby agree that mailing of process or other papers in connection with any such action or proceeding in any manner as may be permitted by law shall be valid and sufficient service thereof.

This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. If any provision of this Agreement is held by any court of competent jurisdiction to be illegal, invalid, void or unenforceable, such provision shall be deemed modified, amended and narrowed to the extent necessary to render the same legal, valid and enforceable, and the other remaining provisions of this Agreement shall not be affected but shall remain in full force and effect. It is the parties' intention that this Agreement not be construed more strictly with regard to you or the Company.

This Agreement sets forth the entire agreement between the parties concerning the subject matter hereof and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof.

This Agreement will automatically terminate, and be of no further force or effect, on the earlier of (a) August 17, 2023, if it is not acknowledged by you below prior to such date, or (b) the Expiration Date (except as to any right that accrued prior to such date to receive the Severance Amount subject to the execution and effectiveness of the Severance Agreement); provided, however, that the confidentiality obligations set forth herein and the covenants and agreements set forth in the Annex shall survive any termination or expiration of this Agreement, and any termination of your employment with the Company, in accordance with their respective terms.

We look forward to your execution of this Agreement.

Sincerely,

/s/ Patrick O'Connell

Patrick O'Connell

Executive Vice President and Chief Financial Officer  
AMC Networks Inc.

ACCEPTED AND AGREED TO:

/s/ Michael J. Sherin III

Michael J. Sherin III

August 15, 2023

Date

## ANNEX

This Annex constitutes part of the Agreement, dated August 15, 2023, by and between Michael J. Sherin III (“You”) and the Company. Terms defined in the Agreement shall have the same meanings in this Annex.

You agree to comply with the following covenants in addition to those set forth in the Agreement.

### 1. Confidentiality

(a) Agreement. You agree to keep the existence and terms of this Agreement confidential (unless it is made public by the Company) *provided* that (1) you are authorized to make any disclosure required of you by any federal, state or local laws or judicial proceedings, after providing the Company with prior written notice and an opportunity to respond to such disclosure (unless such notice is prohibited by law), and (2) you are authorized to disclose this Agreement and its terms to your legal, financial and tax advisors or to members of your immediate family so long as such advisors and family members agree to maintain the confidentiality of the Agreement.

(b) Confidential and Proprietary Information. You agree to retain in strict confidence and not use for any purpose whatsoever or divulge, disseminate, copy, disclose to any third party, or otherwise use any Confidential Information, other than for legitimate business purposes of the Company and its affiliates. As used herein, “*Confidential Information*” means any non-public information of a confidential, proprietary, commercially sensitive or personal nature of, or regarding, the Company or any of its affiliates or any director, officer or member of senior management of any of the foregoing (collectively “*Covered Parties*”). The term Confidential Information includes information in written, digital, oral or any other format and includes, but is not limited to: (i) information designated or treated as confidential; (ii) budgets, plans, forecasts or other financial or accounting data; (iii) subscriber, customer, guest, fan vendor or shareholder lists or data; (iv) technical or strategic information regarding the Covered Parties’ cable, data, telephone, programming, advertising, sports, entertainment, film production, theatrical, motion picture exhibition or other businesses; (v) advertising, business, programming, sales or marketing tactics and strategies; (vi) policies, practices, procedures or techniques; (vii) trade secrets or other intellectual property; (viii) information, theories or strategies relating to litigation, arbitration, mediation, investigations or matters relating to governmental authorities; (ix) terms of agreements with third parties and third party trade secrets; (x) information regarding employees, officers, directors, players, coaches, agents, talent, consultants, advisors or representatives, including their compensation or other human resources policies and procedures; and (xi) any other information the disclosure of which may have an adverse effect on the Covered Parties’ business reputation, operations or competitive position, reputation or standing in the community.

(c) Exception for Disclosure Pursuant to Law. Notwithstanding anything contained elsewhere in this Agreement, you are authorized to make any disclosure required of you by any federal, state or local laws or judicial, arbitral or governmental agency proceedings, including, but not limited to, providing truthful testimony concerning the Company or its affiliates as required by court order or other legal process; after providing the Company with prior written notice and an opportunity to respond prior to such disclosure. In addition, this Agreement in no way restricts or prevents you

from providing truthful testimony concerning the Company to judicial, administrative, regulatory or other governmental authorities.

By signing this Agreement, you acknowledge that you have been advised that pursuant to the federal Defend Trade Secrets Act of 2016, you may not be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret: (i) in confidence, to a federal, state, or local government official, or to your attorneys, for the purpose of reporting or investigating a suspected violation of the law; or (ii) in a complaint or other court document filed in connection with a lawsuit or court proceeding, provided that said filing is made under seal. In addition, you acknowledge that you have been advised that if you file an action for retaliation against the Company for reporting a suspected violation of law, you may disclose a trade secret to your attorneys and use the trade secret in connection with the court proceeding provided that you: (i) file any document containing the trade secret under seal; and (ii) do not disclose the trade secret, except pursuant to court order.

## **2. Non-Compete**

You acknowledge that due to your executive position in the Company and your knowledge of Confidential Information, your employment by or affiliation with certain businesses would be detrimental to the Company or any of its direct or indirect subsidiaries. You agree that, without the prior written consent of the Company, you will not represent, become employed by, consult to, advise in any manner or have any material interest, directly or indirectly, in any Competitive Entity (as defined below). A “*Competitive Entity*” shall mean (1) any person, entity or business that (i) competes with any of the Company’s or any of its affiliates’ programming, distribution or other existing businesses, internationally, nationally or regionally; or (ii) directly competes with any other business of the Company or one of its subsidiaries that produced greater than 10% of the Company’s revenues in the calendar year immediately preceding the year in which the determination is made. Ownership of not more than 1% of the outstanding stock of any publicly traded company shall not, by itself, be a violation of this paragraph. This agreement not to compete will expire on the first anniversary of the date on which your employment with the Company has terminated if such termination occurs prior to the Expiration Date.

## **3. Additional Understandings**

You agree, for yourself and others acting on your behalf, that you (and they) have not disparaged and will not disparage, make negative statements about or act in any manner which is intended to or does damage to the good will of, or the business or personal reputations of the Company, any of its affiliates or any of their respective incumbent or former officers, directors, agents, consultants, employees, successors and assigns.

In addition, you agree that the Company is the owner of all rights, title and interest in and to all documents, tapes, videos, designs, plans, formulas, models, processes, computer programs, inventions (whether patentable or not), schematics, music, lyrics, programming ideas and other technical, business, financial, advertising, sales, marketing, customer, programming or product development plans, forecasts, strategies, information and materials (in any medium whatsoever) developed or prepared by you or with your cooperation during the course of your employment by the Company (the “*Materials*”). The Company will have the sole and exclusive authority to use the Materials in any manner that it deems appropriate, in perpetuity, without additional payment to you.

#### **4. Further Cooperation**

Following the date of termination of your employment with the Company, you will no longer provide any regular services to the Company or represent yourself as a Company agent. If, however, the Company so requests, you agree to cooperate fully with the Company in connection with any matter with which you were involved prior to such employment termination, or in any litigation or administrative proceedings or appeals (including any preparation therefore) where the Company believes that your personal knowledge, attendance or participation could be beneficial to the Company or its affiliates. This cooperation includes, without limitation, participation on behalf of the Company and/or its affiliates in any litigation, administrative or similar proceeding, including providing truthful testimony.

The Company will provide you with reasonable notice in connection with any cooperation it requires in accordance with this section and will take reasonable steps to schedule your cooperation in any such matters so as not to materially interfere with your other professional and personal commitments. The Company will reimburse you for any reasonable out-of-pocket expenses you reasonably incur in connection with the cooperation you provide hereunder as soon as practicable after you present appropriate documentation evidencing such expenses. You agree to provide the Company with an estimate of any such expense before it is incurred.

#### **5. No Hire or Solicit**

Throughout your employment and until one year after the termination of your employment, you agree not to hire, seek to hire, or cause any person or entity to hire or seek to hire (without the prior written consent of the Company), directly or indirectly (whether for your own interest or any other person or entity's interest) any employee of the Company or any of its affiliates. This restriction does not apply to any employee who was discharged by the Company or any of its affiliates. In addition, this restriction will not prevent you from providing references.

## **6. Acknowledgments**

You acknowledge that the restrictions contained in this *Annex*, in light of the nature of the Company's business and your position and responsibilities, are reasonable and necessary to protect the legitimate interests of the Company. You acknowledge that the Company has no adequate remedy at law and would be irreparably harmed if you breach or threaten to breach any of the provisions of this *Annex*, and therefore agree that the Company shall be entitled to injunctive relief to prevent any breach or threatened breach of any of the provisions and to specific performance of the terms of each of such provisions in addition to any other legal or equitable remedy it may have. You further agree that you will not, in any equity proceeding relating to the enforcement of the provisions of this *Annex*, raise the defense that the Company has an adequate remedy at law. Nothing in this *Annex* shall be construed as prohibiting the Company from pursuing any other remedies at law or in equity that it may have or any other rights that it may have under any other agreement. If it is determined that any of the provisions of this *Annex*, or any part thereof, is unenforceable because of the duration or scope (geographic or otherwise) of such provision, it is the intention of the parties that the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced. Notwithstanding anything to the contrary contained in this Agreement, in the event you violate the covenants and agreements set forth in this *Annex*, then, in addition to all other rights and remedies available to the Company, the Company shall have no further obligation to pay you any severance benefits or to provide you with any other rights or benefits to which you would have been entitled pursuant to this Agreement had you not breached the covenants and agreements set forth in this *Annex*.

## **7. Survival**

The covenants and agreements set forth in this *Annex* shall survive any termination or expiration of this Agreement and any termination of your employment with the Company, in accordance with their respective terms.



**List of Guarantor Subsidiaries**

As of September 30, 2023, the following subsidiaries of AMC Networks Inc. guarantee the notes issued by AMC Networks Inc.

<b>Guarantor</b>	<b>Jurisdiction of Formation</b>
2nd Party LLC	Delaware
61st Street Productions I LLC	Delaware
Across the River Productions LLC	Delaware
Aesir Media Group, LLC	Texas
AMC Film Holdings LLC	Delaware
AMC Games LLC	Delaware
AMC Network Entertainment LLC	New York
AMC Networks Broadcasting & Technology	New York
AMC Networks International LLC	Delaware
AMC Networks Productions LLC	Delaware
AMC Plus Holdings LLC	Delaware
AMC Premiere LLC	Delaware
AMC TV Studios LLC	Delaware
AMC/Sundance Channel Global Networks LLC	Delaware
AMCN Properties LLC	Delaware
American Movie Classics IV Holding Corp	Delaware
Animal Control Productions I LLC	Delaware
Anime Network LLC	Texas
Anthem Productions I LLC	Delaware
Badlands Productions I LLC	Louisiana
Badlands Productions II LLC	Delaware
Brockmire Productions I LLC	Delaware
Cobalt Productions LLC	Delaware
Comic Scribe LLC	Delaware
Crossed Pens Development LLC	Delaware
Dark Winds Productions I LLC	Delaware
Digital Store LLC	Delaware
Dispatches Productions I LLC	Delaware
Expedition Productions I LLC	Delaware
Five Families Productions I LLC	Delaware
Five Moons Productions I LLC	Delaware
Geese Productions LLC	Delaware
Ground Work Productions LLC	Delaware
Halt and Catch Fire Productions I LLC	Delaware
Halt and Catch Fire Productions II LLC	Delaware
Halt and Catch Fire Productions III LLC	Delaware
Halt and Catch Fire Productions IV LLC	Delaware
Halt and Catch Fire Productions LLC	Delaware
Hap and Leonard Productions II LLC	Delaware
Hap and Leonard Productions III LLC	Delaware
HIDIVE LLC	Delaware

<b>Guarantor</b>	<b>Jurisdiction of Formation</b>
IFC Entertainment Holdings LLC	Delaware
IFC Entertainment LLC	Delaware
IFC Films LLC	Delaware
IFC In Theaters LLC	Delaware
IFC Productions I L.L.C.	Delaware
IFC Television Holdings LLC	Delaware
IFC Theatres Concessions LLC	Delaware
IFC Theatres, LLC	Delaware
IFC TV LLC	Delaware
IFC TV Studios Holdings LLC	Delaware
IFC TV Studios LLC	Delaware
Infinite Frontiers, LLC	Texas
Japan Creative Contents Alliance LLC	Delaware
Kindred Spirit Productions LLC	Delaware
Kopus Productions II LLC	Delaware
Kopus Productions LLC	Delaware
Lodge Productions I LLC	Delaware
Lodge Productions II LLC	Delaware
Making Waves Studio Productions LLC	Delaware
Mechanical Productions I LLC	Delaware
Monument Productions I LLC	Delaware
Moonhaven Productions I LLC	Delaware
Newfound Lake Productions I LLC	Delaware
NOS4A2 Productions I LLC	Rhode Island
Peach Pit Properties LLC	Delaware
Peachwood Productions LLC	Delaware
Pens Down LLC	Delaware
Premier Quills LLC	Delaware
AMC Content Distribution LLC	Delaware
Rainbow Media Enterprises, Inc.	Delaware
Rainbow Media Holdings LLC	Delaware
Rectify Productions II LLC	Delaware
Rectify Productions III LLC	Delaware
Rectify Productions IV LLC	Delaware
Rectify Productions LLC	Delaware
Red Monday Programming LLC	Delaware
RNC Holding Corporation	Delaware
RNC II Holding Corporation	Delaware
Roughhouse Productions I LLC	Delaware
Selects VOD LLC	Delaware
Sentai Holdings, LLC	Texas
Sentai Filmworks, LLC	Texas
Shudder LLC	Delaware

Guarantor	Jurisdiction of Formation
Sleuth Secrets Productions LLC	Delaware
Stalwart Productions LLC	Delaware
Stan Productions I LLC	Delaware
Stan Productions II LLC	Delaware
Sundance Channel Originals LLC	Delaware
Sundance Film Holdings LLC	Delaware
SundanceTV LLC	Delaware
Sxion 23, LLC	Texas
Tales Productions I LLC	Delaware
TWD Productions IV LLC	Delaware
TWD Productions IX LLC	Delaware
TWD Productions V LLC	Delaware
TWD Productions VI LLC	Delaware
TWD Productions VII LLC	Delaware
TWD Productions VIII LLC	Delaware
TWD Productions X LLC	Delaware
TWD Productions XI LLC	Delaware
Unio Mystica Holding, LLC	Texas
Universe Productions LLC	Delaware
Vampire Chronicles Productions I LLC	Delaware
Voom HD Holdings LLC	Delaware
WE TV Holdings LLC	Delaware
WE tv LLC	Delaware
We TV Studios LLC	Delaware
Woodbury Studios LLC	Delaware

I, Kristin A. Dolan, certify that:

1. I have reviewed this report on Form 10-Q of AMC Networks Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the Registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 3, 2023

By: /s/ Kristin A. Dolan  
Kristin A. Dolan  
Chief Executive Officer

I, Patrick O'Connell, certify that:

1. I have reviewed this report on Form 10-Q of AMC Networks Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the Registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 3, 2023

By: /s/ Patrick O'Connell  
Patrick O'Connell  
Executive Vice President and Chief  
Financial Officer

**Certifications**

Pursuant to 18 U.S.C. § 1350, each of the undersigned officers of AMC Networks Inc. (“AMC Networks”) hereby certifies, to such officer’s knowledge, that AMC Networks’ Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of AMC Networks.

Date: November 3, 2023

By: /s/ Kristin A. Dolan  
Kristin A. Dolan  
Chief Executive Officer

Date: November 3, 2023

By: /s/ Patrick O’Connell  
Patrick O’Connell  
Executive Vice President and Chief Financial  
Officer