

STARZ

Starz Entertainment Corp. Reports Results for the First Quarter Ended March 31, 2026

STARZ Delivers Positive Operating Cash Flow and Accelerates Margin Expansion Timeline

- OTT Revenue Grew Sequentially to \$211.1 Million
- Net Cash Provided by Operating Activities was \$73.2 Million, a Year-over-Year Improvement of \$136.7 Million
- Unlevered Free Cash Flow and Equity Free Cash Flow were \$80.7 Million and \$68.7 Million, Respectively
- Operating Loss was \$(152.8) Million
- Adjusted OIBDA¹ Grew Sequentially to \$58.0 Million
- Management Accelerates 20% Adjusted OIBDA Margin Outlook to the Second Half of 2027, One Year Ahead of Prior Guidance²
- Management Reiterates All Previously Provided 2026 Outlook Targets

SANTA MONICA, CA, and VANCOUVER, B.C., May 7, 2026 – STARZ (NASDAQ: STRZ) today reported results for the quarter ended March 31, 2026. This press release includes consolidated financial results for STARZ Entertainment Corp.

"As we mark the one-year anniversary of our separation today, I'm proud to report that STARZ is a structurally stronger company than when we separated," said STARZ President and CEO Jeffrey Hirsch. "Over the past year, we have executed with discipline against our strategic and financial priorities to position the company for long-term value creation, and we delivered a strong start to the year, meeting or exceeding all of our key financial targets. Given our progress and one of our strongest content lineups we've had in years, we are increasingly confident in our ability to drive OTT revenue growth, reduce leverage, expand margins, and generate sustainable free cash flow in the years ahead."

Summary of First Quarter 2026 Financial Results

For the quarter ended March 31, 2026, STARZ reported:

- Revenue: \$306.9 million
- Operating loss: \$(152.8) million
- Adjusted OIBDA¹: \$58.0 million
- Net cash provided by operating activities: \$73.2 million
- Unlevered free cash flow: \$80.7 million
- Equity free cash flow: \$68.7 million

As of March 31, 2026, key balance sheet metrics included:

- Cash and cash equivalents: \$102.1 million
- Total debt: \$625.1 million, including a \$300.0 million Term Loan A credit facility and \$325.1 million in senior unsecured notes
- Net debt: \$523.0 million
- Adjusted OIBDA leverage³ ratio: 3.1x (trailing twelve months)
- The Company's \$150.0 million revolving credit facility remained fully undrawn

2026 outlook reiterated:

- Positive year-over-year OTT revenue growth
- Low-single-digit year-over-year Adjusted OIBDA growth
- Unlevered free cash flow of between \$80.0 million to \$120.0 million
- Adjusted OIBDA leverage ratio exiting 2026 at approximately 2.7x

¹ See "Use of Non-GAAP Financial Measures" for a definition of Adjusted OIBDA.

² The forecasted Operating Income (Loss) is not reasonably estimable due to the nature of certain individual items: restructuring and other, and adjusted share-based compensation expense. The variability of these items could have a significant impact on our future GAAP financial results.

³ Total Adjusted OIBDA Leverage Ratio of 3.1x is calculated based on total Adjusted OIBDA of \$168.7 million for the trailing twelve-month period ended March 31, 2026. Refer to "Reconciliation of Operating Loss to Adjusted OIBDA" section for further detail.

Conference Call

- STARZ senior management will hold its analyst and investor conference call to discuss results for the quarter ended March 31, 2026, today, Thursday, May 7, 2026, at 5:00 p.m. ET / 2:00 p.m. PT. Interested parties may listen to the live webcast by visiting the events page on the STARZ Investor Relations website. A full replay will become available this evening at the same link.

About STARZ

STARZ is the leading premium entertainment destination for women and underrepresented audiences, and home to some of the most popular franchises and series on television. STARZ offers a robust programming mix for discerning adult audiences, including boundary-breaking originals and an expansive lineup of blockbuster movies, and is embodied by its brand positioning “We’re All Adults Here.” Complementary to any platform or service, STARZ is available across a wide range of digital OTT platforms and multichannel video distributors and is a bundling partner of choice. STARZ is powered by an industry-leading advanced technology, data analytics and digital infrastructure and the highly rated and first-of-its-kind STARZ app.

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The matters discussed in this press release include forward-looking statements, including those regarding expected future performance. Such statements are subject to a number of risks and uncertainties. Actual results in the future could differ materially and adversely from those described in the forward-looking statements as a result of various important factors, including, but not limited to: the benefits of the separation of Lionsgate's Studios Business and Lionsgate's STARZ Business (the “Separation”); unexpected costs related to the Separation; the substantial investment of capital required to produce and market films and television series; budget overruns; limitations imposed by our credit facilities and notes; unpredictability of the commercial success of our programming; risks related to acquisition and integration of acquired businesses; the effects of dispositions of businesses or assets, including individual films or libraries; the cost of defending our intellectual property; technological changes and other trends affecting the entertainment industry; potential adverse reactions or changes to business or employee relationships; the impact of global pandemics on our business; weakness in the global economy and financial markets, including a recession and past and future bank failures; wars, terrorism and multiple international conflicts that could cause significant economic disruption and political and social instability; labor disruptions and strikes; and the other risk factors set forth in STARZ's Annual Report on Form 10-KT filed with the Securities and Exchange Commission. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances.

STARZ ENTERTAINMENT CORP.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2026	December 31, 2025
(Amounts in millions)		
ASSETS		
Cash and cash equivalents	\$ 102.1	\$ 35.7
Accounts receivable, net, including other receivables of \$10.7 million and \$9.9 million as of March 31, 2026 and December 31, 2025, respectively.	81.7	84.4
Prepaid expenses and other	10.8	12.1
Total current assets	194.6	132.2
Programming content, net	874.0	993.8
Property and equipment, net	48.0	49.1
Intangible assets, net	627.9	690.9
Other assets	44.2	47.2
Total assets	\$ 1,788.7	\$ 1,913.2
LIABILITIES		
Current portion of debt	\$ 11.3	\$ 7.5
Accounts payable	68.3	60.0
Programming related payables	287.7	255.2
Other accrued liabilities	57.4	49.1
Residuals	22.2	27.1
Programming related obligations	127.3	87.7
Deferred revenue	54.1	52.8
Total current liabilities	628.3	539.4
Debt	603.0	605.8
Production loan	—	41.4
Other liabilities	74.4	72.7
Deferred tax liabilities	4.3	7.9
Total liabilities	1,310.0	1,267.2
Contingencies		
EQUITY		
Common stock, no par value, unlimited authorized, 16.8 million and 16.7 million shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively.	731.6	735.1
Accumulated other comprehensive income	20.5	19.4
Accumulated deficit	(273.4)	(108.5)
Total equity	478.7	646.0
Total liabilities and equity	\$ 1,788.7	\$ 1,913.2

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended	
	March 31,	
	2026	2025
	(Amounts in millions)	
Revenue		
OTT revenue	\$ 211.1	\$ 225.5
Linear and other revenue	95.8	105.1
Total revenue	<u>306.9</u>	<u>330.6</u>
Operating expenses:		
Programming amortization	138.3	118.4
Other operating	34.3	38.7
Advertising and marketing	50.4	58.9
General and administrative	29.1	25.4
Depreciation and amortization	68.5	48.1
Restructuring and other	139.1	183.4
Total expenses	<u>459.7</u>	<u>472.9</u>
Operating loss	(152.8)	(142.3)
Interest expense	(13.9)	(10.9)
Interest and other income	0.4	1.7
Other expense	(1.8)	(1.8)
Loss on extinguishment of debt	—	(0.7)
Loss from continuing operations	(168.1)	(154.0)
Income tax benefit	3.2	—
Net loss from continuing operations	(164.9)	(154.0)
Net income from discontinued operations, net of income taxes	—	1.0
Net loss	<u>\$ (164.9)</u>	<u>\$ (153.0)</u>
Per share information attributable to Starz Entertainment Corp. shareholders:		
Basic and diluted net loss per common share - continuing operations	\$ (9.83)	\$ (9.21)
Basic and diluted net income per common share - discontinued operations	—	0.06
Basic and diluted net loss per common share	<u>\$ (9.83)</u>	<u>\$ (9.15)</u>
Weighted average number of common shares outstanding:		
Basic	16.8	16.7
Diluted	16.8	16.7

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	March 31,	
	2026	2025
	(Amounts in millions)	
Operating Activities:		
Net loss	\$ (164.9)	\$ (153.0)
Less: net income from discontinued operations, net of tax	—	1.0
Net loss from continuing operations, net of tax	(164.9)	(154.0)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	68.5	48.1
Programming amortization	138.3	118.4
Amortization of debt financing costs and other non-cash interest	1.1	1.1
Non-cash share-based compensation	3.2	4.3
Other amortization	2.1	1.8
Net content impairment	128.1	167.6
Loss on extinguishment of debt	—	0.7
Deferred income taxes	—	0.2
Changes in operating assets and liabilities:		
Accounts receivable, net	1.8	32.7
Cash paid for programming content ⁽¹⁾	(113.3)	(246.0)
Other assets	2.5	(6.2)
Accounts payable and accrued liabilities	5.7	(1.6)
Residuals	(1.2)	(0.1)
Deferred revenue	1.3	5.0
Due to LG Studios Business	—	(35.5)
Net cash provided by (used in) operating activities	73.2	(63.5)
Investing activities:		
Capital expenditures	(4.5)	(3.9)
Deferred purchase price of receivables sold	0.6	—
New Lionsgate revolving credit facility – increases	—	303.7
New Lionsgate revolving credit facility – decreases	—	(251.3)
Net cash (used in) provided by investing activities	(3.9)	48.5
Financing activities:		
Debt – borrowings, net of debt issuance and redemption costs	—	96.5
Debt repayments	—	(96.5)
Programming related obligations – borrowings	104.1	113.3
Programming related obligations – repayments	(107.0)	(98.3)
Parent net investment	—	3.6
Net cash (used in) provided by financing activities	(2.9)	18.6
Net change in cash and cash equivalents	66.4	3.6
Cash and cash equivalents – beginning of period	35.7	14.2
Cash and cash equivalents – end of period	\$ 102.1	\$ 17.8

⁽¹⁾ Cash paid for programming content for the three months ended March 31, 2025 includes \$157.1 million from the licensing of program rights from the LG Studios Business.

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RECONCILIATION OF OPERATING LOSS TO ADJUSTED OIBDA

	Three Months Ended					Trailing Twelve Months
	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026	March 31, 2026
	(Amounts in millions)					
Operating loss	\$ (142.3)	\$ (26.9)	\$ (34.8)	\$ (4.7)	\$ (152.8)	\$ (219.2)
Depreciation and amortization	48.1	48.7	47.9	47.3	68.5	212.4
Restructuring and other ⁽¹⁾	183.4	6.4	5.0	9.4	139.1	159.9
Adjusted share-based compensation expense ⁽²⁾	4.1	5.2	3.7	3.5	3.2	15.6
Adjusted OIBDA⁽³⁾	\$ 93.3	\$ 33.4	\$ 21.8	\$ 55.5	\$ 58.0	\$ 168.7
Starz Networks (U.S. and Canada)	\$ 92.0	\$ 33.4	\$ 21.8	\$ 55.5	\$ 58.0	\$ 168.7
International	1.3	—	—	—	—	—
Adjusted OIBDA	\$ 93.3	\$ 33.4	\$ 21.8	\$ 55.5	\$ 58.0	\$ 168.7

(1) Restructuring and other includes restructuring costs, certain transaction-related and other expenses, and unusual items, when applicable, as shown in the table below:

	Three Months Ended					Trailing Twelve Months
	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026	March 31, 2026
	(Amounts in millions)					
Restructuring and other:						
Content impairments ^(a)	\$ 167.7	\$ (0.3)	\$ —	\$ 7.1	\$ 128.1	\$ 134.9
Transaction and other costs ^(b)	14.0	4.5	4.8	2.1	5.1	16.5
Severance ^(c)	1.5	—	—	0.2	5.9	6.1
Share-based compensation ^(d)	0.2	2.2	0.2	—	—	2.4
Total restructuring and other	\$ 183.4	\$ 6.4	\$ 5.0	\$ 9.4	\$ 139.1	\$ 159.9

(a) During 2025 and 2026, Starz undertook actions to rationalize its content portfolio as part of its ongoing efforts to right-size its content cost structure in response to the evolving macroeconomic and industry environment, including continued declines in traditional linear services, impairments associated with changes in the Canadian operating model and in connection with becoming and operating as a standalone company following the Separation. These actions included evaluating programming on the Starz Platform, cancelling certain previously ordered programming, and removing and abandoning content determined to have limited strategic value.

In April 2026, the Company entered into an agreement to terminate certain live-action films under a post pay-one output licensing agreement. Such termination will impact *Restructuring and Other* costs in the three months ended June 30, 2026.

(b) Transaction and other costs reflect costs associated with certain potential strategic transactions, costs associated with certain legal matters, and transaction, integration and legal costs associated with the separation from Lionsgate.

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- (c) Severance costs represent a reduction in our work force due to cost-saving initiatives and the continued decline in traditional linear services.
- (d) This balance includes a modification of equity awards in connection with the separation from Lionsgate. In June 2025, the compensation committee of the Company approved a cash payment in lieu of share issuance for the restricted share units that vested in July and August 2025.
- (2) The following table reconciles total share-based compensation expense to adjusted share-based compensation expense:

	Three Months Ended					Trailing Twelve Months
	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026	March 31, 2026
	(Amounts in millions)					
Total share-based compensation expense	\$ 4.3	\$ 7.4	\$ 3.9	\$ 3.5	\$ 3.2	\$ 18.0
Less: Amount included in restructuring and other ^(a)	(0.2)	(2.2)	(0.2)	—	—	(2.4)
Adjusted share-based compensation expense	\$ 4.1	\$ 5.2	\$ 3.7	\$ 3.5	\$ 3.2	\$ 15.6

- ^(a) Includes a modification of equity awards in connection with the Separation included in restructuring and other expenses. Refer to note (1)(d).
- ⁽³⁾ See "Use of Non-GAAP Financial Measures" for the definition of Adjusted OIBDA which is reconciled to operating loss in the table above, the most directly comparable GAAP financial measure.

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KEY PERFORMANCE INDICATORS (KPIs)

	Three Months Ended				
	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026
(Amounts in millions)					
Equity free cash flow					
Net cash (used in) provided by operating activities	\$ (63.5)	\$ 65.4	\$ (26.0)	\$ (21.4)	\$ 73.2
Less: capital expenditures	(3.9)	(6.9)	(5.2)	(4.5)	(4.5)
Total equity free cash flow	(67.4)	58.5	(31.2)	(25.9)	68.7
Plus: cash paid for interest	0.9	26.9	9.2	19.1	11.6
Plus: cash paid for income taxes	0.3	0.2	0.4	0.2	0.4
Total unlevered free cash flow	\$ (66.2)	\$ 85.6	\$ (21.6)	\$ (6.6)	\$ 80.7
Cash paid for programming content					
Starz Networks	\$ (238.6)	\$ (143.5)	\$ (157.0)	\$ (158.6)	\$ (111.0)
International	(1.8)	—	—	—	—
Remaining shutdown operations ⁽¹⁾	(5.6)	(4.8)	(2.7)	(4.0)	(2.3)
Total cash paid for programming content	\$ (246.0)	\$ (148.3)	\$ (159.7)	\$ (162.6)	\$ (113.3)
Net corporate debt					
Debt	\$ 715.0	\$ 625.1	\$ 625.1	\$ 625.1	\$ 625.1
Less: cash and cash equivalents	17.8	51.6	37.0	35.7	102.1
Less: Intercompany receivable from Lionsgate ⁽²⁾	81.6	—	—	—	—
Net corporate debt	\$ 615.6	\$ 573.5	\$ 588.1	\$ 589.4	\$ 523.0
Adjusted OIBDA - trailing twelve months	\$ 201.5	\$ 178.6	\$ 173.2	\$ 204.0	\$ 168.7
Adjusted OIBDA leverage ratio⁽³⁾	3.1x	3.2x	3.4x	2.9x	3.1x

⁽¹⁾ Represents cash used in operating activities for programming content paid subsequent to the final shut down of the LIONSGATE+ business in May 2024, which is included in continuing operations within the consolidated statements of cash flow.

⁽²⁾ In connection with the Studio Separation, on May 13, 2024, LGAC International LLC, a Delaware limited liability company and wholly owned subsidiary of Lionsgate Studios (“LGAC International”), and LGCH1 (which was renamed Starz Capital Holdings 1, Inc. at Separation), entered into a revolving credit agreement (the “Intercompany Revolver”), pursuant to which LGAC International and LGCH1 agreed to make revolving loans to each other from time to time provided that the net amount owing by one party to the other at any particular time may not exceed \$150.0 million. All outstanding obligations in respect of principal, interest and fees under the Intercompany Revolver were repaid in full and all commitments thereunder were terminated.

⁽³⁾ Adjusted OIBDA leverage ratio is defined as Net Corporate Debt (represents total corporate debt, excluding unamortized debt issuance costs, minus cash and cash equivalents), divided by adjusted OIBDA for the trailing twelve-months.

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USE OF NON-GAAP FINANCIAL MEASURES

This earnings release presents the following important financial measures utilized by Starz Entertainment Corp. (the "Company," "Starz," "we," "us" or "our") that are not financial measures defined by U.S. generally accepted accounting principles ("GAAP"). The Company uses non-GAAP financial measures, among other measures, to evaluate the operating performance of our business. These non-GAAP financial measures are in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with United States GAAP.

Adjusted OIBDA: Adjusted OIBDA is defined as operating income (loss) before depreciation and amortization ("OIBDA"), adjusted for adjusted share-based compensation expense ("adjusted SBC"), restructuring and other costs, and unusual gains or losses, when applicable.

- Depreciation and amortization as presented on our combined statement of operations.
- Adjusted share-based compensation expense represents share-based compensation excluding the impact of the acceleration of certain vesting schedules for equity awards pursuant to certain severance arrangements, which are included in restructuring and other expenses, when applicable.
- Restructuring and other includes restructuring costs, certain transaction-related and other expenses, and unusual items, when applicable.

Adjusted OIBDA Leverage Ratio: Adjusted OIBDA Leverage Ratio is defined as Net Corporate Debt (represents total Corporate Debt, excluding Unamortized Debt Issuance Costs, minus Cash and Cash Equivalents), divided by Adjusted OIBDA for the trailing twelve-months.

Unlevered Free Cash Flow: Unlevered Free Cash Flow is defined as net cash provided by (used in) operating activities, less capital expenditures, plus cash paid for interest and taxes.

Equity Free Cash Flow: Equity Free Cash Flow is defined as net cash provided by (used in) operating activities, less capital expenditures.

Net Corporate Debt: Net Corporate Debt is defined as total Corporate Debt, excluding Unamortized Debt Issuance Costs, minus Cash and Cash Equivalents.

Overall: These measures are non-GAAP financial measures as defined in Regulation G promulgated by the SEC and are in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

We use these non-GAAP measures, among other measures, to evaluate the operating performance of our business. We believe these measures provide useful information to investors regarding our results of operations before non-operating items and cash flows. Adjusted OIBDA is considered an important measure of the Company's performance because this measure eliminates amounts that, in management's opinion, do not necessarily reflect the fundamental performance of the Company's businesses, are infrequent in occurrence, and in some cases are non-cash expenses. In addition, the Adjusted OIBDA Leverage Ratio is an important metric as it provides insight into the Company's capital structure and financial risk, helping assess the Company's ability to meet its debt obligations and maintain financial flexibility. Unlevered Free Cash Flow and Equity Free Cash Flow are considered important measures of the Company's liquidity because they provide information about the ability of the Company to reduce net corporate debt and make strategic investments. Net Corporate Debt is used by management to evaluate the Company's overall indebtedness and capital structure by reflecting debt levels net of available liquidity, and is an important measure in assessing leverage, financial risk, and the Company's capacity to service and reduce debt over time. The Company utilizes these measures, among others, to evaluate the performance of its business relative to its peers and the broader market.

These non-GAAP measures are commonly used in the entertainment industry and by financial analysts and others who follow the industry to measure operating performance. However, not all companies calculate these measures in the same manner and the measures as presented may not be comparable to similarly titled measures presented by other companies due to differences in the methods of calculation and excluded items.

A general limitation of these non-GAAP financial measures is that they are not prepared in accordance with GAAP. These measures should be reviewed in conjunction with the relevant GAAP financial measures and are not presented as an alternative measure of operating income, cash flow, net income (loss), or earnings (loss) per share as determined in accordance with GAAP.