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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **August 7, 2025**

Paramount Skydance Corporation
(Exact name of registrant as specified in its charter)

Delaware	**001-42791**	**99-3917985**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

1515 Broadway **New York, New York**	**10036**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(212) 258-6000**

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 B Common Stock, $0.001 par value	PSKY	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Explanatory Note

As previously disclosed in the Current Report on Form 8-K filed by Paramount Skydance Corporation with the SEC on August 7, 2025 (the "Original Filing"), on the Closing Date, Paramount Skydance Corporation completed the Transactions contemplated by the Transaction Agreement. This Current Report on Form 8-K/A (this "Amendment No. 1") has been filed to amend and supplement the Original Filing and provide the financial statements described in Item 9.01 below, which were not previously filed with the Original Filing, and which are permitted to be filed by amendment no later than 71 calendar days after the date the Original Filing was required to be filed with the SEC. No other changes have been made to the Original Filing. This Amendment No. 1 should be read in conjunction with the Original Filing. Capitalized terms used herein that are not otherwise defined shall have the meanings set forth in the Original Filing.

The pro forma financial information included as Exhibit 99.3 to this Amendment No. 1 has been presented for illustrative purposes only, as required by Form 8-K, and is not intended to, and does not purport to, represent what the combined company's actual results or financial condition would have been if the Transactions had occurred on the relevant date, and is not intended to project the future results or financial condition that the combined company may achieve following the Transactions.

Item 7.01 Regulation FD Disclosure.

In addition to the historical consolidated financial statements of Skydance Media, LLC filed as Exhibits 99.1 and 99.2, and the unaudited pro forma combined financial information filed as Exhibit 99.3, to this Amendment No. 1, the Company has prepared, and has furnished as Exhibit 99.4 to this Amendment No. 1, certain supplemental non-GAAP financial information for Skydance Media, LLC.

The information included in this Item 7.01 of this Amendment No. 1, including Exhibit 99.4 attached hereto, is being furnished. As such, the information (including Exhibit 99.4) contained herein shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses or Funds Acquired.

The audited consolidated financial statements of Skydance Media, LLC as of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023, and 2022 are filed as Exhibit 99.1 hereto and are incorporated herein by reference.

The unaudited condensed consolidated financial statements of Skydance Media, LLC as of June 30, 2025 and for the six months ended June 30, 2025 and 2024 are filed as Exhibit 99.2 hereto and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial statements of Paramount Skydance Corporation as of and for the six months ended June 30, 2025 and for the year ended December 31, 2024 are filed as Exhibit 99.3 hereto and are incorporated herein by reference.

(c) Shell Company Transactions.

None.

(d) Exhibits.

ibit ber	Description of Exhibit
.1	Consent of Ernst & Young LLP, independent accounting firm (with respect to Skydance Media, LLC).
.1	Audited consolidated financial statements of Skydance Media, LLC as of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023, and 2022 and auditor report thereon.
.2	Unaudited condensed consolidated financial statements of Skydance Media, LLC as of June 30, 2025 and for the six months ended June 30, 2025 and 2024.
.3	Unaudited pro forma condensed combined financial statements of Paramount Skydance Corporation as of and for the six months ended June 30, 2025 and for the year ended December 31, 2024.
.4	Unaudited supplemental non-GAAP information for Skydance Media LLC.
04	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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

PARAMOUNT SKYDANCE CORPORATION

By: /s/ Andrew Warren

Name: Andrew Warren

Title: Executive Vice President, Interim Chief Financial Officer

Date: October 23, 2025

Consent of Independent Auditors

We consent to the inclusion of our report dated February 28, 2025 with respect to the consolidated financial statements of Skydance Media, LLC as of December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 appearing in this Amendment No.1 to the Current Report on Form 8-K/A of Paramount Skydance Corporation.

/s/ Ernst & Young LLP

Los Angeles, California
October 23, 2025

Exhibit 99.1

CONSOLIDATED FINANCIAL STATEMENTS

Skydance Media, LLC
As of December 31, 2024 and 2023 and for the Years Ended December 31, 2024, 2023, and 2022
With Report of Independent Auditors

Skydance Media, LLC

Consolidated Financial Statements

As of December 31, 2024 and 2023 and for the Years Ended December 31, 2024, 2023, and 2022

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Report of Independent Auditors

The Members
Skydance Media, LLC

Opinion

We have audited the consolidated financial statements of Skydance Media, LLC (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, comprehensive income (loss), equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Ernst & Young LLP

February 28, 2025

Skydance Media, LLC

Consolidated Balance Sheets

(in thousands)

	At December 31 2024	At December 31 2023
Assets		
Cash and cash equivalents	**$ 288,865**	$ 314,292
Accounts and other receivables, net	**429,142**	246,545
Receivables from related-parties	—	50
Prepaid and other current assets	**213,997**	142,534
Total current assets	**932,004**	703,421
Noncurrent assets		
Accounts and other receivables, net of current portion	**148,703**	68,622
Film costs, net	**851,983**	823,396
Television costs, net	**392,937**	268,604
Interactive costs, net	**109,869**	59,074
Property and equipment, net	**20,186**	15,259
Right-of-use asset	**60,378**	12,184
Goodwill	**39,509**	39,509
Other assets	**48,486**	89,776
Total Assets	**$ 2,604,055**	$ 2,079,845
Liabilities and Equity		
Liabilities:		
Accounts payable and accrued liabilities	**$ 101,602**	$ 18,071
Production costs payable	**213,147**	89,956
Advances from related party	**43,905**	—
Deferred revenue	**484,840**	373,753
Lease liability, current	**6,806**	3,300
Other current liabilities	**2,452**	3,228
Total current liabilities	**852,752**	488,308
Noncurrent liabilities		
Other accrued liabilities	**11,793**	27,764
Production costs payable, net of current portion	**62,107**	98,086
Lease liability, noncurrent	**55,214**	10,055
Bank borrowings	**570,000**	441,754
Other liabilities	**213,810**	152,347
Total Liabilities	**1,765,676**	1,218,314
Commitments and contingencies (Note 9)		
Equity:		
Skydance Media members' equity	**1,427,948**	1,423,667
Accumulated deficit	**(609,342)**	(572,850)
Accumulated other comprehensive income (loss)	**(6,709)**	4,423
Total Skydance Media members' equity	**811,897**	855,240
Noncontrolling interests	**26,482**	6,291
Total Equity	**838,379**	861,531
Total Liabilities and Equity	**$ 2,604,055**	$ 2,079,845

See accompanying notes.

Skydance Media, LLC

Consolidated Statements of Operations
(in thousands)

	Year Ended December 31		
	2024	**2023**	**2022**
Revenues	**$ 1,136,547**	$ 991,733	$ 966,858
Film, television and interactive costs	**(1,008,259)**	(937,511)	(794,113)
General and administrative expenses	**(141,856)**	(103,076)	(156,553)
Depreciation and amortization expense	**(2,580)**	(3,683)	(5,634)
Operating income (loss)	**(16,148)**	(52,537)	10,558
Other income (loss)	**(1,237)**	193	1,430
Interest expense, net	**(14,648)**	(3,609)	(3,793)
Foreign exchange gain (loss)	**732**	(71)	(209)
Income (loss) before income taxes	**(31,301)**	(56,024)	7,986
Provision for income taxes	**—**	—	—
Net income (loss) (Skydance and noncontrolling interests)	**(31,301)**	(56,024)	7,986
Net (income) loss attributable to noncontrolling interests	**(5,191)**	2,186	(189)
Net income (loss) attributable to Skydance Media, LLC	**$ (36,492)**	$ (53,838)	$ 7,797

See accompanying notes.

Skydance Media, LLC

Consolidated Statements of Comprehensive Income (Loss)
(in thousands)

	Year Ended December 31		
	2024	2023	2022
Net income (loss) (Skydance and noncontrolling interests)	**$ (31,301)**	$ (56,024)	$ 7,986
Other comprehensive income (loss):			
Unrealized gain (loss) on derivative instruments	**(11,132)**	2,991	5,364
Comprehensive income (loss)	**(42,433)**	(53,033)	13,350
Add: Comprehensive (income) loss attributable to noncontrolling interests	**(5,191)**	2,186	(189)
Comprehensive income (loss) attributable to Skydance Media, LLC	**$ (47,624)**	$ (50,847)	$ 13,161

See accompanying notes.

Skydance Media, LLC

Consolidated Statements of Equity
(in thousands)

	Skydance Members' Equity	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
Balance at January 1, 2022	$ 860,750	$ (526,809)	$ (3,932)	$ (192)	$ 329,817
Contributions, net of equity issuance costs	390,541	—	—	—	390,541
Profits interests	270,405	—	—	—	270,405
Share-based compensation	9,497	—	—	—	9,497
Repurchase of units	(141,993)	—	—	—	(141,993)
Acquisition of noncontrolling interest	(3,804)	—	—	3	(3,801)
Distributions to members	(3,023)	—	—	—	(3,023)
Net income	—	7,797	—	189	7,986
Unrealized gain on derivative instruments	—	—	5,364	—	5,364
Balance at December 31, 2022	$ 1,382,373	$ (519,012)	$ 1,432	$ —	$ 864,793
Contributions, net of equity issuance costs	20,516	—	—	8,477	28,993
Share-based compensation	37,547	—	—	—	37,547
Distributions to members	(16,769)	—	—	—	(16,769)
Net loss	—	(53,838)	—	(2,186)	(56,024)
Unrealized gain on derivative instruments	—	—	2,991	—	2,991
Balance at December 31, 2023	**$ 1,423,667**	**$ (572,850)**	**$ 4,423**	**$ 6,291**	**$ 861,531**
Contributions from members	—	—	—	**15,000**	**15,000**
Share-based compensation	**4,630**	—	—	—	**4,630**
Distributions to members	**(349)**	—	—	—	**(349)**
Net income (loss)	—	**(36,492)**	—	**5,191**	**(31,301)**
Unrealized loss on derivative instruments	—	—	**(11,132)**	—	**(11,132)**
Balance at December 31, 2024	**$ 1,427,948**	**$ (609,342)**	**$ (6,709)**	**$ 26,482**	**$ 838,379**

See accompanying notes.

Skydance Media, LLC

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31		
	2024	**2023**	**2022**
Operating activities			
Net income (loss) (Skydance and noncontrolling interests)	**$ (31,301)**	$ (56,024)	$ 7,986
Adjustments to reconcile net income (loss) to net cash used for operating activities:			
Amortization and impairment of film, television and interactive costs	**950,096**	876,385	736,963
Depreciation	**2,580**	2,294	5,361
Amortization of debt issuance costs	**2,889**	2,217	1,663
Amortization of intangibles	**—**	—	2,349
Non-cash share-based compensation expense	**4,630**	37,547	88,912
Equity interests loss	**1,443**	—	—
Changes in operating assets and liabilities:			
Accounts receivables	**(262,678)**	267,269	(347,394)
Film costs	**(718,525)**	(620,468)	(888,416)
Television costs	**(374,122)**	(263,653)	(417,872)
Interactive costs	**(63,475)**	(49,665)	(25,959)
Related-parties payable, net	**50**	(3)	(14)
Prepaid and other assets	**(33,963)**	(69,326)	(53,965)
Right of use asset, net of lease liability	**471**	3,051	(1,959)
Accounts payable and accrued liabilities	**63,050**	4,625	24,224
Production costs payable	**87,213**	(368,295)	386,225
Deferred revenue	**175,201**	216,893	118,777
Net cash flow used for operating activities	**(196,441)**	(17,153)	(363,119)
Investing activities			
Purchase of investments	**—**	(7,500)	(37)
Purchase of property and equipment	**(11,896)**	(4,387)	(4,584)
Net cash flow used for investing activities	**(11,896)**	(11,887)	(4,621)
Financing activities			
Contributions from members	**15,000**	29,687	400,425
Payment of finance leases	**(3,348)**	—	—
Acquisition of noncontrolling interest	**—**	—	(3,801)
Repurchase of units	**—**	—	(141,993)
Equity issuance costs	**—**	(694)	(9,185)
Advances from related party	**43,905**	—	—
Distributions to members	**(349)**	(16,769)	(3,023)
Debt issuance costs	**(544)**	(9,689)	(952)
Proceeds from bank borrowings	**280,002**	298,369	485,657
Payment of bank borrowings	**(151,756)**	(351,994)	(153,042)
Net cash flow provided by (used for) financing activities	**182,910**	(51,090)	574,086
Net decrease in cash and cash equivalents	**(25,427)**	(80,130)	206,346
Cash and cash equivalents at beginning of year	**314,292**	394,422	188,076
Cash and cash equivalents at end of period	**$ 288,865**	$ 314,292	$ 394,422
Supplemental disclosure of cash flow information			
Interest paid	**$ 40,845**	$ 35,229	$ 19,274

See accompanying notes.

1. Organization, Basis of Presentation, Business Risks and Concentrations of Risk

Organization and Basis of Presentation – Skydance Media, LLC (“Skydance Media” or “the Company”) was organized as a California limited liability company on June 23, 2010. The Company operates pursuant to the First Amendment to the Eighth Amended and Restated LLC Agreement of Skydance Media, LLC, dated March 15, 2023, which amended and restated prior amendments dated January 3, 2023, and the original agreement, dated June 23, 2010, whereby the members set forth the respective rights, powers, and interests of the members with respect to the Company and their respective membership interests. In 2023, the Company’s subsidiary, Skydance Sports, LLC, received an equity investment from 32 Equity LLC (“32 Equity”).

The Company produces, finances, and distributes live-action and animated films, television shows, sports content, and interactive games for release in all media worldwide.

The Transactions – On July 7, 2024, Paramount Global (“Paramount”), the Company and other parties entered into a definitive transaction agreement (the “Transaction Agreement”) pursuant to which Paramount and Skydance Media will become subsidiaries of a new holding company (the “Merger”). Concurrent with the execution of the Transaction Agreement, certain affiliates of existing investors of the Company (the “Skydance Investor Group”), including members of the Ellison family and affiliates of Redbird Capital Partners, entered into an agreement with National Amusements, Inc. (“NAI”), the controlling stockholder of Paramount, to purchase all of the outstanding equity interests of NAI (the “NAI Transaction”) (together with the Merger, the “Transactions”). In addition, certain affiliates of existing investors of the Company, including the Skydance Investor Group, will make a $6.0 billion investment into Paramount (the “Investment”) in exchange for up to 400 million newly issued shares of Class B common stock of the new holding company (“New Paramount Class B Common Stock”) valued at $15.00 per share (subject to ratable reduction) as well as warrants to purchase 200 million shares of New Paramount Class B Common Stock at an initial strike price of $30.50 per share (subject to customary anti-dilution adjustments), which expire five years after issuance. The Investment will be comprised of $1.5 billion of cash to Paramount and up to $4.5 billion to fund the cash-stock election discussed below. If the cash-stock elections are undersubscribed, up to $1.5 billion of the unused portion of the $4.5 billion will be contributed to Paramount.

The Merger will involve: (i) a transaction pursuant to which existing Skydance investors will receive 317 million shares of New Paramount Class B Common Stock valued at $15.00 per share, and (ii) a cash-stock election pursuant to which Paramount Class A Common Stock held by holders other than NAI will be converted, at the holders’ election, into the right to receive either $23.00 in cash or 1.5333 shares of New Paramount Class B Common Stock, and Paramount Class B Common Stock held by holders other than NAI and the investors participating in the Investment will be converted, at the holders’ election, into the right to receive

1. Organization, Basis of Presentation, Business Risks and Concentrations of Risk (continued)

either $15.00 in cash (subject to proration) or one share of New Paramount Class B Common Stock.

The Transactions are expected to close in the first half of 2025. The parties anticipate that they will obtain all regulatory approvals and clearances required in order to consummate the Transactions, including approval of the Transactions and the NAI Transaction by the Federal Communications Commission ("FCC").

Business Risks – The live-action and animated films, television shows, and interactive games production and distribution are highly speculative and inherently risky. There can be no assurance of the economic success of such motion pictures and television productions since the revenues derived from the production and distribution depend primarily upon their acceptance by the public, which cannot be predicted. The theatrical success of a motion picture is a very important factor in generating revenues from such motion picture in other media markets.

Impact of WGA/SAG-AFTRA Strikes – From May through November of 2023, the Company experienced disruptions in the production of content due to concurrent strikes from the Writers Guild of America ("WGA") and Screen Actors Guild ("SAG-AFTRA"). This resulted in the shift of deliverables of content to 2024 and 2025. As of December 2023, the Company had resumed its production operations.

Concentrations of Risk – The Company currently produces and distributes many of its films and television programming on Subscription Video on Demand (SVOD) platforms such as Apple, Netflix, and Amazon. The Company also produces many films for theatrical distribution by traditional studios, such as Paramount. The Company received 54% of its revenue from Apple, 30% from Netflix, and 8% from Amazon in 2024. The Company received 43% of its revenue from Apple, 29% from Netflix, and 16% from Amazon in 2023. The Company received 51% of its revenue from Apple, 22% from Amazon, 14% from Paramount, and 10% from Netflix in 2022. If without warning, either Apple, Netflix, Amazon, or Paramount were to become unwilling or unable to fulfill some or all their obligations under their agreements, the Company's operations could be significantly impacted. Accounts and other receivables, as of December 31, 2024 and 2023, primarily represented amounts due from Netflix, Apple, Amazon, and Paramount relating to activity under existing agreements.

2. Summary of Significant Accounting Policies

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of Skydance Media, LLC and its wholly-owned and controlled subsidiaries. The Company consolidates all variable interest entities in which it is deemed to be the primary beneficiary. Intercompany accounts and transactions have been eliminated in consolidation. The effects of changes in foreign exchange rates are reflected in the Consolidated Statements of Operations as appropriate. Certain reclassifications have been made to the prior period to conform to current period presentation.

Generally Accepted Accounting Principles – These consolidated financial statements have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP").

Cash and Cash Equivalents – The Company considers all highly liquid debt instruments, purchased with an initial maturity of three months or less, and money market accounts to be cash equivalents. The carrying value of the Company's cash equivalents approximated fair value at each balance sheet date.

Film and Television Costs – Live-action and animated film and television costs include the costs of development, production, capitalized overhead, and capitalized interest, net of tax credits. Capitalized overhead includes depreciation expense for assets used in the production of animated films or television shows. These costs, as well as participations and residuals, are charged against earnings on an individual motion picture or television production basis in the ratio that the current year's revenues bear to the Company's estimates of total remaining ultimate revenues from all sources allowed by U.S. GAAP.

Film and television costs amortization is included in film, television, and interactive costs on the Consolidated Statements of Operations.

Film and television costs are stated at the lower of unamortized cost or estimated fair value on an individual motion picture or television production basis. Such titles are predominantly monetized individually (i.e., through traditional distribution platforms, including theatrical, streaming video- on-demand, home entertainment and television).

2. Summary of Significant Accounting Policies (continued)

Revenue and cost estimates are continually reviewed by the Company and revised when warranted by changing conditions. The unamortized film and television costs are reviewed when events or changes in circumstances indicate that an impairment may have occurred. When factors indicate that such assets should be evaluated for possible impairment, the Company determines the amount of impairment, if any, by making an estimate of fair value based on future cash flows expected to result from the use of the assets and their eventual disposition and comparing the amounts to the unamortized film and television costs. Write-downs of development costs are recorded within the amortization and impairment of film, television and interactive costs in the Consolidated Statement of Cash Flows.

The Company did not have any impairments for the year ended December 31, 2024. During the years ended December 31, 2023, and 2022, the Company recorded impairments of $26.4 million, and $1.0 million, respectively, which were included in film, television and interactive costs in the Consolidated Statements of Operations. Estimated fair values were calculated using Level 3 inputs, as defined in the fair value hierarchy, including projections of revenues and expenses, and a discounted cash flow methodology using discount rates based on a risk adjusted weighted average cost of capital.

Interactive Costs – Interactive costs include the cost of production of games and are stated at the lower of unamortized cost or estimated net realizable value on an individual game basis. Game development costs are expensed as incurred before the applicable games reach technological feasibility. Revenue and cost estimates are continually reviewed by the Company and revised when warranted by changing conditions. The unamortized interactive costs are reviewed when events or changes in circumstances indicate that an impairment may have occurred. When factors indicate that such assets should be evaluated for possible impairment, the Company determines the amount of impairment, if any, by making an estimate of net realizable value based on future cash flows expected to result from the use of the assets and their eventual disposition and comparing the amounts to the unamortized interactive costs. The Company did not have any impairments for the year ended December 31, 2024 and recorded impairments of $244 thousand for the year ended December 31, 2023, which were included in film, television and interactive costs in the Consolidated Statements of Operations. There were no impairments recorded for the year ended December 31, 2022.

Property and Equipment – Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives, which range from three to five years. Direct costs incurred in the development of internal use software are capitalized during the application development stage, once management authorizes the project and it is probable that the project will be completed and the software will be used for the function intended. Costs incurred during the preliminary project and post implementation stages of software development are expensed as incurred. The costs of normal maintenance, repairs, and minor replacements are charged to expense when incurred.

2. Summary of Significant Accounting Policies (continued)

Depreciation expense, net of amounts included in capitalized overhead, for the years ended December 31, 2024, 2023, and 2022 was $2.6 million, $3.7 million, and $3.0 million, respectively, and included in the depreciation and amortization line item in the Consolidated Statements of Operations. The Company assesses its property and equipment for indicators of impairment in accordance with ASC 360-10 on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the years ended December 31, 2024, 2023, and 2022, no impairments of long-lived assets were identified.

Debt Issuance Costs – Debt issuance costs are capitalized and are amortized using the effective-interest method over the term of the bank borrowings. At December 31, 2024 and 2023, included in prepaid and other current assets on the Consolidated Balance Sheets were $3.0 million and $2.8 million, respectively, of capitalized debt issuance costs, associated with the Company's revolving credit facility. At December 31, 2024 and 2023, included in noncurrent other assets on the Consolidated Balance Sheets were $7.4 million and $9.9 million, respectively, of capitalized debt issuance costs, associated with the Company's revolving credit facility. Accumulated amortization of capitalized debt issuance costs was $25.2 million and $22.3 million as of December 31, 2024 and 2023, respectively. Amortization of debt issuance costs was $2.9 million, $2.2 million and $1.7 million for the years ended December 31, 2024, 2023, and 2022, respectively, and was reflected as interest expense in the Consolidated Statements of Operations.

On July 7, 2024 and in connection with the Transactions, the Company secured backstop financing (the “Backstop Facilities”) for Paramount’s two credit facilities, which were in effect until such time as amendments were secured to Paramount’s credit facilities that permitted the pending change of control of Paramount. Total commitment costs under these Backstop Facilities were $17.3 million. This amount was recognized as interest expense during the year ended December 31, 2024 as the change of control amendment was obtained and the Company terminated the Backstop Facilities on August 6, 2024.

Financial Instruments – The reported values of short-term receivables and payables closely reflect their estimated fair values, mainly due to the short-term nature of these instruments.

Income Taxes – The Company is a limited liability company classified as a partnership for federal, state, and foreign income tax purposes, and the members separately account for the Company’s items of income, deduction, losses, and credits. Therefore, these financial statements do not include any provision for corporate income taxes, except for entity level taxes imposed on the Company by certain states where it conducts business. The state, local, and foreign taxes were immaterial for the years ended December 31, 2024, 2023, and 2022, and are classified as general and administrative expenses in the Consolidated Statements of Operations.

2. Summary of Significant Accounting Policies (continued)

The Company evaluates its tax positions with respect to all open years, as defined by the statute of limitations, to evaluate whether it is more likely than not that such positions would be sustained upon examination by a tax authority based on their technical merits. The Company's tax returns remain open to examinations for the tax years ended December 31, 2021 through 2024, for federal tax purposes and for the tax years ended December 31, 2020 through 2024, for state tax purposes.

Goodwill – Goodwill is allocated to one reporting unit and is tested for impairment at the consolidated company level annually and more frequently if events or changes in circumstances indicate an impairment may exist. For the annual impairment test, Skydance Media performs a qualitative assessment at the consolidated level in order to determine whether it is more likely than not that the fair value of the company exceeds its respective carrying value. Additionally, the Company considers the duration of time since a quantitative test was performed. For the 2024, 2023, and 2022 annual impairment tests, the Company performed a qualitative assessment at the consolidated level. The Company weighed the relative impact of factors that are specific to the Company as a whole, as well as industry and macroeconomic factors.

The specific factors considered included actual and expected financial performance and changes to the Company's carrying amounts since the most recent impairment tests. The Company considered growth projections from independent sources, independent valuation, and significant developments within the industry. The Company's assessment indicated that macroeconomic factors do not negatively impact its fair value and concluded that the fair value of the Company continued to exceed its carrying value. As of December 31, 2024 and 2023, the Company had goodwill of $39.5 million recorded on its Consolidated Balance Sheets.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities. The Company's primary estimates are of the ultimate revenues and costs for feature films for each market based on anticipated release patterns, public acceptance, and historical results for similar products. Actual results could differ from those estimates. The Company also makes estimates to record revenue when distribution statements are received after the close of the reporting period, and as it relates to the fair value of share-based payment arrangements and profits interest units.

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements – Fair value measurements are determined based on the assumptions that a market participant would use in pricing an asset or liability. A three-tiered hierarchy draws distinctions between market participant assumptions based on (i) observable inputs such as quoted prices in active markets (Level 1), (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2), and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (Level 3).

The Company's non-financial instruments are not required to be carried at fair value on a recurring basis. However, if certain triggering events occur such that a non-financial instrument is required to be evaluated for impairment, a resulting asset impairment would require that the non-financial instrument be recorded at the lower of unamortized cost or its fair value.

Revenue Recognition – Revenue is recognized when control of a good or service is transferred to a customer. Control is considered to be transferred when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits of that good or service. Refer to Note 3 for further information on revenue recognition.

Lease Accounting – The Company recognizes right-of-use ("ROU") assets and lease liabilities in accordance with ASC 842, electing to use the practical expedient which allows the Company to account for each separate lease component and non-lease component as a single lease component. The Company also uses the short-term lease exemption, which permits companies to not recognize leases with an expected term of 12 months or less on the balance sheet.

3. Revenue

The table below presents the Company's revenues disaggregated into categories based on the nature of such revenues.

	Year Ended December 31		
	2024	**2023**	**2022**
(in thousands)			
Revenue by type:			
Film and television revenue	**$ 1,112,012**	$ 965,645	$ 940,149
Interactive revenue	**22,926**	23,117	22,595
Other	**1,609**	2,971	4,114
Total revenue	**$ 1,136,547**	$ 991,733	$ 966,858

3. Revenue (continued)

As mentioned previously, the Company develops, finances, and produces live-action and animated films, television shows, sports content, and interactive games for release in all media worldwide.

For theatrical releases, the Company derives its revenue from each distributor's worldwide exploitation of feature films in theaters as well as in post-theatrical markets such as home video,
digital transactions and pay and free broadcast television. The Company recognizes its share of the revenues from theatrical films at the point in time at which such theatrical film's aggregate revenue, based on total receipts from worldwide exploitation in all markets and through all mediums, exceeds distribution costs and expenses (inclusive of participations and residuals), as reported periodically on distribution statements received from the distributors subsequent to the theatrical release of such films.

Reporting varies by distributor and exploitation cycle, and may include monthly reporting, quarterly reporting, and annual reporting. The Company records revenue based on distributable net cash receipts reported by the distributor and accrues revenue based on estimates in accordance with U.S. GAAP.

For SVOD releases, the Company derives revenue from the licensing of film and television content. Revenue from the licensing of film and television content that is subject to a fixed fee is recognized at a point in time when the Company satisfies its performance obligations by making the content available to the licensee for exhibition and the license period has begun, even though the licensee may elect to delay the initial airing until a future date during the license period. For some film and television SVOD releases, the Company receives advance payments prior to when revenue is recognized. In such cases, the Company records these payments as deferred revenue. Payment terms and conditions vary by customer and contract type.

The Company also derives revenue through the licensing and merchandising of certain owned and co-owned intellectual property. Revenues are received either initially by third-party distribution partners or, in certain circumstances where distribution rights are retained, directly by the Company. Revenue from licenses of symbolic intellectual property is recognized over the corresponding license term.

Revenues from games and other interactive content are recognized in a similar manner as theatrical film content based on distribution statements from the publisher of the content.

3. Revenue (continued)

Gross Basis vs. Net Basis

Revenue from feature film projects under the Company's distribution arrangements is recorded in accordance with the accounting guidance governing gross versus net reporting. When the Company serves as the lead studio and is determined to be the principal on a co-production, it recognizes the revenues, costs, and participation expenses with respect to such co-production on a gross basis and otherwise recognizes revenues on a net basis.

Contract Assets and Contract Liabilities

Certain multi-year license arrangements have payment terms over the contract term that differ from the timing of revenue recognition resulting in the recording of a contract asset or contract liability.

The Company records a contract asset for contractual payments not yet received based on a milestone billing schedule, which primarily relates to revenue recognized under licensing arrangements at the beginning of the license period when programs are made available to the licensee for exhibition, while the related cash is generally collected over the term of the license period. These contract assets are classified as accounts and other receivables on the Consolidated Balance Sheets.

Current unbilled receivables relating to revenue accrued or contractual payments for licensing arrangements not yet received were $155.7 million and $109.8 million as of December 31, 2024 and 2023, respectively, and are included in accounts and other receivables on the Consolidated Balance Sheets. Noncurrent unbilled receivables relating to revenue accrued or contractual payments for licensing arrangements not yet received were $81.1 million and $32.5 million as of December 31, 2024 and 2023, respectively, and are included in accounts and other receivables, net of current portion on the Consolidated Balance Sheets.

Current contract assets relating to revenue accrued or contractual payments for licensing arrangements not yet received were $16.1 million and $11.8 million as of December 31, 2024 and 2023, respectively, and are included in accounts and other receivables, net on the Consolidated Balance Sheets. Noncurrent contract assets relating to revenue accrued or contractual payments for licensing arrangements not yet received were $28.8 million and $25.9 million as of December 31, 2024 and 2023, respectively, and are included in accounts and other receivables, net of current portion on the Consolidated Balance Sheets.

A contract liability is recorded for milestone billings not yet collected prior to delivery and prior to the completion of its performance obligation. Current contract liabilities of $40.5 million were

3. Revenue (continued)

classified in accounts payable and accrued liabilities on the Consolidated Balance Sheet as of December 31, 2024. No contract liabilities were recorded in current liabilities as of December 31, 2023. The increase in current contract liabilities is primarily due to contractual obligations for milestone billings not yet collected relating to film, television, and interactive titles. Noncurrent contract liabilities of $10.6 million and $23.2 million as of December 31, 2024 and 2023, respectively, were classified in other accrued liabilities on the Consolidated Balance Sheets. The Company recognized $20.9 million in revenue for the year ended December 31, 2024, which was included in contract liabilities as of December 31, 2023.

For film and television SVOD releases, games, as well as for certain consumer product licensing arrangements, the Company may also receive advance payments for which the revenues will be recognized only in subsequent periods once the performance obligations have been satisfied, and the Company records such payments as deferred revenue. Current deferred revenue as of December 31, 2024 and 2023 was $484.8 million and $373.8 million, respectively. The increase in current deferred revenue is primarily due to advance payments received from customers for films and television shows for which the Company has not yet met its performance obligation. Noncurrent deferred revenue as of December 31, 2024 and 2023 was $212.2 million and $148.1 million, respectively, and is included in noncurrent other liabilities on the Consolidated Balance Sheets. The Company recognized $360.4 million in revenue for the year ended December 31, 2024, which was included in deferred revenue as of December 31, 2023.

Unrecognized Revenues Under Contract

The substantial majority of future revenue to be earned related to fixed pricing under existing third-party agreements at any given time is reflected within deferred revenue. The majority of this revenue will be recognized within 2 years. This amount may fluctuate from period to period depending on the timing of the releases and the availability of content under existing agreements and may not represent the total revenue expected to be recognized as it does not include revenue from future agreements or from variable pricing.

4. Film, Television, and Interactive Costs

(In thousands)	At December 31, 2024	At December 31, 2023
Film productions:		
Released, less accumulated amortization	$ 41,019	$ 77,175
In production	712,840	662,529
In development	98,124	83,692
Film costs, net	851,983	823,396
Television programs:		
Released, less accumulated amortization	5,110	7,477
In production	352,269	227,916
In development	35,558	33,211
Television costs, net	392,937	268,604
Interactive games:		
Released, less accumulated amortization	41,772	5,966
In production	68,097	53,108
Interactive costs, net	109,869	59,074
Total Film, Television and Interactive Costs	$ 1,354,789	$ 1,151,074

Released film, television, and interactive costs include product for which we have completed certain applicable performance obligations

Capitalized overhead for film and television productions totaled $62.0 million and $57.7 million during the years ended December 31, 2024 and 2023, respectively.

Interest costs capitalized to motion pictures and television series totaled $35.1 million and $42.0 million during the years ended December 31, 2024 and 2023, respectively.

Film and television cost amortization expense, including any impairments recognized, was $923.1 million, $877.9 million, and $714.4 million, for the years ended December 31, 2024, 2023 and 2022, respectively.

Based upon management's estimates on released titles as of December 31, 2024, the Company expects to amortize approximately $16.0 million, $12.4 million, and $6.3 million during 2025, 2026, and 2027 respectively.

4. Film, Television, and Interactive Costs (continued)

Interactive games amortization expense, including any impairments recognized, was $12.7 million, $19.2 million, and $6.1 million, for the years ended December 31, 2024, 2023 and 2022, respectively.

Participations and residuals costs are expensed in line with the amortization of production costs and are included on the Consolidated Balance Sheets as production cost payable. Current portion of participations and residuals liability as of December 31, 2024 and 2023 was $20.0 million and $24.8 million, respectively. Noncurrent portion of participations and residuals liability as of December 31, 2024 and 2023 was $55.9 million and $15.6 million, respectively.

Production tax credits reduce capitalized film and television costs for expenditures on qualifying film and television productions, provided there is reasonable assurance that the credits will be realized. The current related receivable for these tax credits was $197.9 million and $112.2 million as of December 31, 2024 and 2023, respectively, and is included in prepaid and other current assets on the Consolidated Balance Sheets. The noncurrent related receivable for these tax credits was $18.7 million and $57.8 million as of December 31, 2024 and 2023, respectively, and is included in other assets on the Consolidated Balance Sheets. The balances represent tax credits earned within various jurisdictions for several of the Company's film and television productions.

5. Bank Borrowings

On June 28, 2023, the Company amended and restated the 2020 Credit Facility, 2016 Credit Facility, and the 2014 Credit Facility (the "2023 Credit Facility") with JPMorgan Chase Bank, N.A. The 2023 Credit Facility is a five-year, $750 million senior secured revolving credit facility, which may be increased up to $1 billion. Amounts outstanding under the 2023 Credit Facility bear interest of 2.75% over the Secured Overnight Financing Rate ("SOFR").

The 2023 Credit Facility contains various covenants. Borrowings under the 2023 Credit Facility are collateralized by the assets of the Company. The Company is in compliance with the required covenants as of December 31, 2024.

5. Bank Borrowings (continued)

Borrowings under the 2023 Credit Facility are used to fund the Company's films and television shows. As of December 31, 2024, the Company had $570.0 million outstanding, incurring SOFR-based interest at a weighted average rate of 7.32% and as of December 31, 2023, the Company had $441.8 million outstanding, incurring SOFR-based interest at a weighted average rate of 8.11%. The borrowings under the 2023 Credit Facility are considered noncurrent and are classified as noncurrent liabilities on the Consolidated Balance Sheets. The carrying value of the 2023 Credit Facility approximated fair value at each balance sheet date. The Company is required to pay a commitment fee on undrawn amounts at an annual rate of 0.50%. Interest costs incurred as a result of the commitment fee were $1.3 million, $1.0 million, and $1.0 million for the years ended December 31, 2024, 2023, and 2022, respectively.

On June 15, 2022, the Company entered into a Credit, Security, and Guaranty Agreement (the "2022 Tax Credit Facility") with Comerica Bank. The 2022 Tax Credit Facility was fully repaid as of December 31, 2023.

6. Investments

Investments over which the Company has a significant influence, without a controlling interest, or holds a limited liability company interest with specific ownership accounts, are accounted for under the equity method. Other investments over which the Company has no significant influence and that do not have a readily determinable fair value are recorded at cost less impairment, if any, and adjusted for any observable price changes. Investments are included in noncurrent other assets on the Consolidated Balance Sheets. As of December 31, 2024 and 2023, the Company had investments of $13.3 million and $14.7 million, respectively.

7. Derivatives

The Company enters into foreign exchange forward contracts to hedge foreign currency exposures on future production expenses denominated in various foreign currencies. The Company's policy is not to use derivative financial instruments for trading or speculative purposes.

The fair values of these derivatives are recorded on the Consolidated Balance Sheets in prepaid and other current assets since the terms of these forward cash flow hedges are less than one year. Changes in the fair value of derivatives that are effective hedges are reflected in accumulated other comprehensive income or loss, a separate component of equity. For the years ended December 31, 2024, 2023, and 2022, net unrealized gain or loss on derivative instruments reflected in other comprehensive income (loss) was $11.1 million loss, $3.0 million gain, and $5.4 million gain, respectively. As of December 31, 2024, the Company had $6.7 million in unrealized loss on forward contracts compared to $4.4 million in unrealized gains as of December 31, 2023.

The changes in the fair value of derivatives that are ineffective hedges are reflected in the Consolidated Statements of Operations. The Company did not have any unrealized gains or losses on ineffective hedges during the years ended December 31, 2024, 2023, and 2022.

7. Derivatives (continued)

Gains and losses realized upon settlement of the foreign exchange forward contracts that are effective hedges are amortized to the Consolidated Statements of Operations under film and television costs. During the year ended December 31, 2024, the Company realized a gain of $3.6 million, and a loss of $4 thousand and $2.1 million for the years ended December 31, 2023 and 2022, respectively, on settled forward foreign exchange contracts. The losses are reflected in film and television costs in the Consolidated Statements of Operations.

8. Related-Party Transaction

Advances Payable to the Related-Party – During the year ended December 31, 2024, the Company incurred transactions costs related to the Transactions. The Company received cash advances from one of its shareholders for the purpose of providing cash for the payment of transaction expenses. The Company entered into an agreement with the shareholder as of December 10, 2024, which states that such advances must be repaid to the shareholder by the Company or New Paramount upon completion of the Transactions. If the Transactions are terminated, Skydance will be required to repay the advances. As of December 31, 2024, the advances received from the shareholder totaled $43.9 million inclusive of accrued interest and were recorded within the advances from related party on the Consolidated Balance Sheets. The advances accrue interest expense at the annual interest rate of 5.2%.

Receivables from Related-Party – As of December 31, 2024 the company had no receivables from affiliated entities. As of December 31, 2023, the Company had $50 thousand of receivables from related-parties on its Consolidated Balance Sheet, which primarily consisted of amounts paid by the Company on behalf of certain affiliated entities.

Cloud Services – The Company entered into a new multi-year cloud services agreement with Oracle Iberica, S.R.L and Oracle America, Inc. (collectively “Oracle”) in 2023. The aggregate fees paid to Oracle were $2.4 million and $379 thousand during the years ended December 31, 2024 and 2023, respectively.

Leases – During the year ended December 31, 2024, the Company entered into a lease agreement with an entity under common control as the Company. The Company has accounted for this lease as an operating lease and recognized an ROU asset and corresponding lease liability of $52.9 million. Under this lease, the Company will obtain control of additional property in future years. The Company will recognize the related right-of-use asset and operating lease liability on its balance sheet when it gains control of each of the leased office spaces.

9. Commitments and Contingencies

The Company has certain off-balance sheet commitments that are not recognized on the Consolidated Balance Sheet as of December 31, 2024.

Term Deals – The Company has committed term deal payments of $19.1 million that will become due within a year. Long-term commitments are $9.3 million, $4.2 million, and $0.3 million for the years ended December 31, 2026, 2027, and 2028, respectively.

Employment Contracts – As of December 31, 2024, the Company has committed short-term employment contract payments of $32.9 million in 2025. Long-term commitments are $15.6 million in 2026 and $542 thousand in 2027.

Film Commitments – The Company does not have any material unconditional purchase obligations relating to the film commitments that have not been recognized or accrued on the consolidated balance sheets as of December 31, 2024 and 2023.

Litigation – The Company believes, based upon the advice of legal counsel, that there are no proceedings, either threatened or pending, which could result in a material adverse effect on the results of operations or the financial condition of the Company.

10. Property and Equipment

The following table presents the major classes of property and equipment and total accumulated depreciation as of December 31, 2024 and 2023.

	Year Ended December 31	
(in thousands)	**2024**	**2023**
Equipment, furniture, fixtures & other	**$ 25,252**	$ 21,802
Internal use software	**13,269**	2,943
Building and leasehold improvements	**2,529**	4,724
Property and equipment, at cost	**41,050**	29,469
Less: accumulated depreciation	**(20,864)**	(14,210)
Property and equipment, net	**$ 20,186**	$ 15,259

11. Leases

Operating Leases – The Company has operating leases primarily for office space. For operating leases, the Company recognizes rent expense on a straight-line basis over the lease term, which is included in general and administrative expenses in the Consolidated Statements of Operations.

As of December 31, 2024 and 2023, the Company recorded operating lease ROU assets of $60.4 million and $12.2 million, respectively, and included these amounts as ROU on the Consolidated Balance Sheets. As of December 31, 2024 and 2023, the Company had a current operating lease liability of $6.8 million and $3.3 million, respectively, and included on the Consolidated Balance Sheets as current lease liability. As of December 31, 2024 and 2023, the Company recorded a noncurrent operating lease liability of $55.2 million and $10.1 million, respectively, and included these amounts as noncurrent lease liability on the Consolidated Balance Sheets.

Finance Leases – The Company has finance leases for computer equipment. For finance leases, the Company recognizes interest expense on its lease liabilities using the effective interest method, which is included in general and administrative expenses in the Consolidated Statements of Operations. ROU assets are amortized on a straight-line basis over the lease term and such amortization is included in general and administrative expenses in the Consolidated Statements of Operations.

As of December 31, 2024 and 2023, the Company recorded finance ROU assets of $4.1 million and $7.2 million, respectively and included these amounts as property and equipment, net on the Consolidated Balance Sheets. As of December 31, 2024 and 2023, the Company recorded a finance lease liability of $2.5 million and $3.2 million, respectively and included these amounts as other current liabilities on the Consolidated Balance Sheets. As of December 31, 2024 and 2023, the Company recorded a noncurrent finance lease liability of $1.6 million and $4.2 million, respectively and included these amounts as noncurrent other liabilities on the Consolidated Balance Sheets.

Leases have initial non-cancelable lease terms ranging from 2 to 10 years. Some of these lease arrangements include options to extend the term of the leases for up to 3 years. Judgment is required when determining the minimum noncancellable term of the lease. The Company includes options to extend or terminate the lease term only if they are reasonably certain to be exercised. The present value of future lease payments is calculated using the incremental borrowing rate for a borrowing term that approximates the term of the lease. Variable lease payments that are based on an index or rate are included in the measurement of ROU assets and lease liabilities at lease inception. All other variable lease payments, including common area maintenance, parking, utilities and storage, among others, are expensed as incurred and are not included in the measurement of ROU assets and lease liabilities.

11. Leases (continued)

Operating lease costs included costs capitalized during the period for leased assets used in the production of film and television content. Short-term lease costs primarily consist of leases for studio facilities and production equipment that have a lease term of 12 months or less.

Balances presented represent lease costs incurred. A portion of these costs are included within the production overhead amounts capitalized as a component of the film, television and interactive costs. The components of lease cost were as follows for the years ended December 31, 2024, 2023 and 2022:

	Year Ended December 31		
	2024	2023	2022
(in thousands)			
Operating lease cost	$ 7,537	$ 6,174	$ 4,162
Finance lease cost			
Amortization of right-of-use assets	3,036	5,337	1,980
Interest on lease liabilities	217	274	266
Total finance lease cost	3,253	5,611	2,246
Short-term lease cost	3,020	2,773	3,073
Total lease cost	$ 13,810	$ 14,558	$ 9,481

For the years ended December 31, 2024, 2023, and 2022, the non-cash amount of operating leases obtained was $54.0 million, $13.3 million, and $0.4 million, respectively. For the years ended December 31, 2024 and 2023, the non-cash amount of finance leases obtained was $0 million and $4.0 million, respectively. The non-cash amount of finance leases obtained was immaterial for the year ended December 31, 2022. The operating cash flows used in operating leases for the year ended December 31, 2024 was $6.8 million, and are not material for the years ended December 31, 2023 and December 31, 2022.

The weighted average remaining lease term was 8.6 and 4.4 years for operating leases at December 31, 2024 and 2023, respectively. The weighted average remaining lease term was 2.3 and 2.8 years for finance leases at December 31, 2024 and 2023, respectively. The weighted average discount rate for operating leases were 6.75% and 4.13% at December 31, 2024 and 2023, respectively. The weighted average discount rate for finance leases were 3.88% and 4.20% at December 31, 2024 and 2023, respectively.

11. Leases (continued)

The expected future payments relating to the Company's operating and finance lease liabilities at December 31, 2024 are as follows (in thousands):

	Operating Leases		Finance Leases	
Year ended December 31,				
2025	$	10,258	$	2,413
2026		10,209		743
2027		10,139		601
2028		8,693		300
2029		7,471		-
Thereafter		36,100		-
Total lease payments	$	82,870	$	4,057
Less imputed interest		(20,850)		(15)
Total	$	62,020	$	4,042

12. Profits Interests

On November 10, 2022, the Company amended its Profits Interests Plan (Skydance Management, LLC). The amended terms of the plan created a modification as to the treatment of such outstanding and vested units from liability to equity awards. In accordance with ASC 718, subsequent to the modification date, these profits interests are classified as equity awards and are recognized in the Consolidated Statements of Equity.

The Company has issued certain Class B and Class C units as profits interests, each of which are subject to forfeiture and vesting conditions. The Company had issued a total of 19,605 Class B and Class C units as of December 31, 2024. Each individual grant sets conditions and vests over a five-year period based on the service conditions. All Class B and Class C units have vested as of December 31, 2024. Such profit interests are issued for incentive purposes to certain individuals. Estimated fair values were calculated using Level 3 inputs, including current period transactions, recent market data, marketability discounts, and an option pricing model using assumptions including expected life and a risk-free interest rate.

12. Profits Interests (continued)

For the years ended December 31, 2024, 2023, and 2022, $4.6 million, $37.5 million, and $88.9 million were included in a non-cash share-based compensation expense in the Consolidated Statements of Operations, respectively. Profits interests have been fully expensed as of December 31, 2024.

The Company has a Phantom Plan Agreement, which authorized 160,500 units to be granted, of which 148,977 had been awarded to employees as of December 31, 2024. Units awarded under this plan do not create a liability until a liquidity event, which was deemed not probable as of December 31, 2024. Therefore, there was no financial impact on the results of the Company as of December 31, 2024 or 2023. Should the Administrator of the Plan determine that the Transactions represent a Qualifying Liquidity Event, immediately prior to the completion of the Transactions compensation expense equal to the value attributable to the New Paramount Class B Common Stock expected to be received by the Phantom Unit Holders would be recognized in the consolidated income statement, which would have been approximately 5.7 million shares if this had occurred as of December 31, 2024.

The Company also has certain Class D units, which are treated as profits interests, issued to investors, and classified as equity. These Class D units are subject to the Eighth Amended and Restated LLC Agreement of the Company.

13. Equity

The Company and 32 Equity, an entity owned by the member clubs of the National Football League, entered into the Second Amended and Restated agreement of Skydance Sports, LLC, dated April 6, 2023 (the “Skydance Sports JV Agreement”) for the purposes of governing the relationship between the Company and 32 Equity in connection with the creation of a joint venture for the purpose of building a studio focused on developing sports-related content whereby the Company holds a 55% share of the equity in the joint venture and 32 Equity holds a 45% share. Per the Skydance Sports JV Agreement, 32 Equity and the Company have certain rights to either convert 32 Equity’s investment into an investment in Skydance Media, LLC (Flip Up) or execute certain buy/sell options to buy out 32 Equity’s investment (Put/Call). The Put/Call option is only triggered following a non-public sale of the Company. 32 Equity also has rights following the end of the exclusivity period that can result in a Flip Up or sale of Skydance Sports, LLC. 32 Equity and Skydance Media may agree that the transactions contemplated in connection with the Transaction Agreement may trigger its Flip Up rights and 32 Equity would thereby receive a portion of the consideration received by other Skydance Media, LLC equity holders.

14. Employee Benefit Plans

The Company sponsors a defined contribution retirement plan (the 401(k) Plan) under provisions of Section 401(k) of the Internal Revenue Code (IRC). For all eligible employees, the maximum contribution for the Company's match is currently equal to 100% of an employee's contribution up to a maximum of 4% of annual income as limited by Section 415 of the IRC. The amount of the Company's contributions, as well as all third-party costs of administering the 401(k) Plan, is paid directly by the Company and totaled \$2.5 million, \$2.1 million, and \$1.4 million for the years ended December 31, 2024, 2023, and 2022, respectively.

15. Subsequent Events

The Company has evaluated subsequent events that occurred up to February 28, 2025, the date the accompanying financial statements were available to be issued.

On February 13, 2025, the Securities and Exchange Commission (SEC) issued a Notice of Effectiveness of the S-4 registration statement filed by New Pluto Global, Inc. relating to the Transactions.

Exhibit 99.2

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Skydance Media, LLC
As of June 30, 2025, and for the Six Months Ended June 30, 2025 and 2024

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Skydance Media, LLC

Condensed Consolidated Balance Sheets

(Unaudited; in thousands)

	At June 30 2025	At December 31 2024
Assets		
Cash and cash equivalents	**$ 274,126**	$ 288,865
Accounts and other receivables, net	**390,112**	429,142
Prepaid and other current assets	**272,482**	213,997
Total current assets	**936,720**	932,004
Noncurrent assets		
Accounts and other receivables, net of current portion	**141,158**	148,703
Film costs, net	**960,324**	851,983
Television costs, net	**536,776**	392,937
Interactive costs, net	**105,290**	109,869
Property and equipment, net	**21,870**	20,186
Right-of-use asset	**190,197**	60,378
Goodwill	**39,509**	39,509
Other assets	**41,158**	48,486
Total Assets	**$ 2,973,002**	$ 2,604,055
Liabilities and Equity		
Liabilities:		
Accounts payable and accrued liabilities	**$ 148,651**	$ 101,602
Production costs payable	**183,477**	213,147
Advances from related party	**45,002**	43,905
Deferred revenue	**643,055**	484,840
Lease liability, current	**15,889**	6,806
Other current liabilities	**1,507**	2,452
Total current liabilities	**1,037,581**	852,752
Noncurrent liabilities		
Other accrued liabilities	**16,165**	11,793
Production costs payable, net of current portion	**56,873**	62,107
Lease liability, noncurrent	**176,416**	55,214
Bank borrowings	**720,000**	570,000
Other liabilities	**236,929**	213,810
Total Liabilities	**2,243,964**	1,765,676
Commitments and contingencies (Note 9)		
Equity:		
Skydance Media members' equity	**1,427,951**	1,427,948
Accumulated deficit	**(724,410)**	(609,342)
Accumulated other comprehensive income (loss)	**491**	(6,709)
Total Skydance Media members' equity	**704,032**	811,897
Noncontrolling interests	**25,006**	26,482
Total Equity	**729,038**	838,379
Total Liabilities and Equity	**$ 2,973,002**	$ 2,604,055

See accompanying notes.

Skydance Media, LLC

Condensed Consolidated Statements of Operations

(Unaudited; in thousands)

	Six Months Ended June 30 2025	2024
Revenues	**$ 538,646**	$ 285,491
Film, television and interactive costs	**(574,864)**	(250,238)
General and administrative expenses	**(77,013)**	(79,832)
Depreciation and amortization expense	**(1,217)**	(1,138)
Operating loss	**(114,448)**	(45,717)
Other income (loss)	**(167)**	63
Interest income (expense), net	**(1,824)**	1,840
Foreign exchange gain (loss)	**(105)**	346
Loss before income taxes	**(116,544)**	(43,468)
Provision for income taxes	**—**	—
Net loss (Skydance and noncontrolling interests)	**(116,544)**	(43,468)
Net loss attributable to noncontrolling interests	**1,476**	1,149
Net loss attributable to Skydance Media, LLC	**$ (115,068)**	$ (42,319)

See accompanying notes.

Skydance Media, LLC

Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited; in thousands)

	Six Months Ended June 30	
	2025	**2024**
Net loss (Skydance and noncontrolling interests)	**$ (116,544)**	$ (43,468)
Other comprehensive income (loss):		
Unrealized gain (loss) on derivative instruments	**7,200**	(236)
Comprehensive loss	**(109,344)**	(43,704)
Add: Comprehensive loss attributable to noncontrolling interests	**1,476**	1,149
Comprehensive loss attributable to Skydance Media, LLC	**$ (107,868)**	$ (42,555)

See accompanying notes.

Skydance Media, LLC

Condensed Consolidated Statements of Equity

(Unaudited; in thousands)

	Six Months Ended June 30, 2025				
	Skydance Members' Equity	**Accumulated Deficit**	**Accumulated Other Comprehensive Income (Loss)**	**Noncontrolling Interests**	**Total**
Balance at January 1, 2025	**$ 1,427,948**	**$ (609,342)**	**$ (6,709)**	**$ 26,482**	**$ 838,379**
Distributions to members	**3**	**—**	**—**	**—**	**3**
Net loss	**—**	**(115,068)**	**—**	**(1,476)**	**(116,544)**
Unrealized gain on derivative instruments	**—**	**—**	**7,200**	**—**	**7,200**
Balance at June 30, 2025	**$ 1,427,951**	**$ (724,410)**	**$ 491**	**$ 25,006**	**$ 729,038**

	Six Months Ended June 30, 2024				
	Skydance Members' Equity	**Accumulated Deficit**	**Accumulated Other Comprehensive Income**	**Noncontrolling Interests**	**Total**
Balance at January 1, 2024	$ 1,423,667	$ (572,850)	$ 4,423	$ 6,291	$ 861,531
Contributions from members	—	—	—	15,000	15,000
Share-based compensation	4,630	—	—	—	4,630
Net loss	—	(42,319)	—	(1,149)	(43,468)
Unrealized loss on derivative instruments	—	—	(236)	—	(236)
Balance at June 30, 2024	$ 1,428,297	$ (615,169)	$ 4,187	$ 20,142	$ 837,457

See accompanying notes.

Skydance Media, LLC

Condensed Consolidated Statements of Cash Flows

(Unaudited; in thousands)

	Six Months Ended June 30	
	2025	**2024**
Operating activities		
Net loss (Skydance and noncontrolling interests)	**$ (116,544)**	$ (43,468)
Adjustments to reconcile net loss to net cash used for operating activities:		
Amortization and impairment of film, television and interactive costs	**557,255**	243,531
Depreciation	**1,217**	1,779
Amortization of debt issuance costs	**1,499**	1,425
Non-cash share-based compensation expense	**—**	4,630
Equity interests loss	**175**	—
Changes in operating assets and liabilities:		
Accounts receivables	**46,575**	(20,028)
Film costs	**(358,837)**	(349,346)
Television costs	**(416,769)**	(195,151)
Interactive costs	**(24,451)**	(20,355)
Prepaid and other assets	**(48,169)**	10,722
Right-of-use asset, net of lease liability	**466**	256
Accounts payable and accrued liabilities	**51,346**	90,810
Production costs payable	**(34,903)**	10,216
Advances from related party	**1,097**	—
Deferred revenue	**181,738**	193,033
Net cash flow used for operating activities	**(158,305)**	(71,946)
Investing activities		
Purchase of property and equipment	**(4,913)**	(618)
Net cash flow used for investing activities	**(4,913)**	(618)
Financing activities		
Contributions from members	**—**	15,000
Payment of finance leases	**(1,354)**	—
Distributions to members	**3**	—
Debt issuance costs	**(170)**	(222)
Proceeds from bank borrowings	**150,000**	150,000
Payment of bank borrowings	**—**	(106,756)
Net cash flow provided by financing activities	**148,479**	58,022
Net decrease in cash and cash equivalents	**(14,739)**	(14,542)
Cash and cash equivalents at beginning of year	**288,865**	314,292
Cash and cash equivalents at end of period	**$ 274,126**	$ 299,750
Supplemental disclosure of cash flow information		
Interest paid	**$ 23,944**	$ 9,138

See accompanying notes.

1. Organization, Basis of Presentation, Business Risks and Concentrations of Risk

Organization and Basis of Presentation – Skydance Media, LLC ("Skydance Media" or "the Company") was organized as a California limited liability company on June 23, 2010. The Company operates pursuant to the First Amendment to the Eighth Amended and Restated LLC Agreement of Skydance Media, LLC, dated March 15, 2023, which amended and restated prior amendments, dated January 3, 2023, and the original agreement, dated June 23, 2010, whereby the members set forth the respective rights, powers, and interests of the members with respect to the Company and their respective membership interests. In 2023, the Company's subsidiary, Skydance Sports, LLC, received an equity investment from 32 Equity LLC ("32 Equity").

The Company produces, finances, and distributes live-action and animated films, television shows, sports content, and interactive games for release in all media worldwide.

The Transactions – On July 7, 2024, Paramount Global ("Paramount"), the Company and other parties entered into a definitive transaction agreement (the "Transaction Agreement") pursuant to which Paramount and Skydance Media will become subsidiaries of a new holding company (the "Merger"). Concurrent with the execution of the Transaction Agreement, certain affiliates of existing investors of the Company (the "Skydance Investor Group"), including members of the Ellison family and affiliates of Redbird Capital Partners, entered into an agreement with National Amusements, Inc. ("NAI"), the controlling stockholder of Paramount, to purchase all of the outstanding equity interests of NAI (the "NAI Transaction") (together with the Merger, the "Transactions"). In addition, certain affiliates of existing investors of the Company, including the Skydance Investor Group, will make a $6.0 billion investment into Paramount (the "Investment") in exchange for up to 400 million newly issued shares of Class B common stock of the new holding company ("New Paramount Class B Common Stock") valued at $15.00 per share (subject to ratable reduction) as well as warrants to purchase 200 million shares of New Paramount Class B Common Stock at an initial strike price of $30.50 per share (subject to customary anti-dilution adjustments), which expire five years after issuance. The Investment will be comprised of $1.5 billion of cash to Paramount and up to $4.5 billion to fund the cash-stock election discussed below. If the cash-stock elections are undersubscribed, up to $1.5 billion of the unused portion of the $4.5 billion will be contributed to Paramount.

The Merger will involve: (i) a transaction pursuant to which existing Skydance investors will receive 317 million shares of New Paramount Class B Common Stock valued at $15.00 per share, and (ii) a cash-stock election pursuant to which Paramount Class A Common Stock held by holders other than NAI will be converted, at the holders' election, into the right to receive either $23.00 in cash or 1.5333 shares of New Paramount Class B Common Stock, and Paramount Class B Common Stock held by holders other than NAI and the investors participating in the Investment will be converted, at the holders' election, into the right to receive either $15.00 in cash (subject to proration) or one share of New Paramount Class B Common Stock.

1. Organization, Basis of Presentation, Business Risks and Concentrations of Risk (continued)

On February 13, 2025, the Securities and Exchange Commission (SEC) issued a Notice of Effectiveness of the S-4 registration statement filed by New Pluto Global, Inc. relating to the Transactions. The Transactions are expected to close in the second half of 2025. As of June 30, 2025, the parties anticipate that they will obtain all regulatory approvals and clearances required in order to consummate the Transactions, including approval of the Transactions and the NAI Transaction by the Federal Communications Commission ("FCC").

Business Risks – The live-action and animated films, television shows, and interactive games production and distribution are highly speculative and inherently risky. There can be no assurance of the economic success of such motion pictures and television productions since the revenues derived from the production and distribution depend primarily upon their acceptance by the public, which cannot be predicted. The theatrical success of a motion picture is a very important factor in generating revenues from such motion picture in other media markets.

Impact of WGA/SAG-AFTRA Strikes – From May through November of 2023, the Company experienced disruptions in the production of content due to concurrent strikes from the Writers Guild of America ("WGA") and Screen Actors Guild ("SAG-AFTRA"). This resulted in the shift of deliverables of content to 2024 and 2025. As of December 2023, the Company had resumed its production operations.

Concentrations of Risk – The Company currently produces and distributes many of its films and television programming on Subscription Video on Demand (SVOD) platforms such as Apple, Netflix, and Amazon. The Company also produces many films for theatrical distribution by traditional studios, such as Paramount. The Company received 62% of its revenue from Apple and 33% from Amazon for the six months ended June 30, 2025. The Company received 70% of its revenue from Netflix, 13% from Apple, and 13% from Paramount for the six months ended June 30, 2024. If without warning, either Apple, Netflix, Amazon, or Paramount were to become unwilling or unable to fulfill some or all their obligations under their agreements, the Company's operations could be significantly impacted. Accounts and other receivables as of June 30, 2025 and 2024 primarily represented amounts due from Netflix, Apple, Amazon, and Paramount relating to activity under existing agreements.

2. Summary of Significant Accounting Policies

Principles of Consolidation – The accompanying Condensed Consolidated Financial Statements include the accounts of Skydance Media, LLC and its wholly-owned and controlled subsidiaries.

The Company consolidates all variable interest entities in which it is deemed to be the primary beneficiary. Intercompany accounts and transactions have been eliminated in consolidation. The effects of changes in foreign exchange rates are reflected in the Consolidated Statements of Operations as appropriate.

Generally Accepted Accounting Principles – These Condensed Consolidated Financial Statements have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP").

Cash and Cash Equivalents **–** The Company considers all highly liquid debt instruments, purchased with an initial maturity of three months or less, and money market accounts to be cash equivalents. The carrying value of the Company's cash equivalents approximated fair value at each balance sheet date.

Film and Television Costs – Live-action and animated film and television costs include the costs of development, production, capitalized overhead, and capitalized interest, net of tax credits. Capitalized overhead includes depreciation expense for assets used in the production of animated films or television shows. These costs, as well as participations and residuals, are charged against earnings on an individual motion picture or television production basis in the ratio that the current year's revenues bear to the Company's estimates of total remaining ultimate revenues from all sources allowed by U.S. GAAP.

Film and television costs amortization is included in film, television, and interactive costs on the Condensed Consolidated Statements of Operations.

Film and television costs are stated at the lower of unamortized cost or estimated fair value on an individual motion picture or television production basis. Such titles are predominantly monetized individually (i.e., through traditional distribution platforms, including theatrical, streaming video- on-demand, home entertainment and television).

2. Summary of Significant Accounting Policies (continued)

Revenue and cost estimates are continually reviewed by the Company and revised when warranted by changing conditions. The unamortized film and television costs are reviewed when events or changes in circumstances indicate that an impairment may have occurred. When factors indicate that such assets should be evaluated for possible impairment, the Company determines the amount of impairment, if any, by making an estimate of fair value based on future cash flows expected to result from the use of the assets and their eventual disposition and comparing the amounts to the unamortized film and television costs. Write-downs of development costs are recorded within the amortization and impairment of film, television and interactive costs in the Consolidated Statement of Cash Flows.

During the six months ended June 30, 2025, the Company recorded impairments of $24.7 million, which were included in film, television and interactive costs in the Consolidated Statements of Operations. The Company did not have any impairments during the six months ended June 30, 2024. Estimated fair values were calculated using Level 3 inputs, as defined in the fair value hierarchy, including projections of revenues and expenses, and a discounted cash flow methodology using discount rates based on a risk adjusted weighted average cost of capital.

Interactive Costs – Interactive costs include the cost of production of games and are stated at the lower of unamortized cost or estimated net realizable value on an individual game basis. Game development costs are expensed as incurred before the applicable games reach technological feasibility. Revenue and cost estimates are continually reviewed by the Company and revised when warranted by changing conditions. The unamortized interactive costs are reviewed when events or changes in circumstances indicate that an impairment may have occurred. When factors indicate that such assets should be evaluated for possible impairment, the Company determines the amount of impairment, if any, by making an estimate of net realizable value based on future cash flows expected to result from the use of the assets and their eventual disposition and comparing the amounts to the unamortized interactive costs. The Company had $19.9 million in impairments for the six months ended June 30, 2025 which were included in film, television and interactive costs in the Condensed Consolidated Statements of Operations. There were no impairments recorded for the six months ended June 30, 2024.

Property and Equipment – Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives, which range from three to five years. Direct costs incurred in the development of internal use software are capitalized during the application development stage, once management authorizes the project and it is probable that the project will be completed and the software will be used for the function intended. Costs incurred during the preliminary project and post implementation stages of software development are expensed as incurred. The costs of normal maintenance, repairs, and minor replacements are charged to expense when incurred. Accumulated depreciation on property and equipment was $20.0 million and $20.9 million as of June 30, 2025 and December 31, 2024, respectively.

2. Summary of Significant Accounting Policies (continued)

Depreciation expense, net of amounts included in capitalized overhead, for the six months ended June 30, 2025 and 2024 was $1.2 million and $1.1 million, respectively and included in the depreciation and amortization line item in the Condensed Consolidated Statements of Operations. The Company assesses its property, plant, and equipment for indicators of impairment in accordance with ASC 360-10 on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the six months ended June 30, 2025 and 2024, no impairments of long-lived assets were identified.

Debt Issuance Costs – Debt issuance costs are capitalized and are amortized using the effective-interest method over the term of the bank borrowings. At June 30, 2025 and December 31, 2024, included in prepaid and other current assets on the Condensed Consolidated Balance Sheets were $3.0 million and $3.0 million, respectively, of capitalized debt issuance costs, associated with the Company's revolving credit facility. At June 30, 2025 and December 31, 2024, included in noncurrent other assets on the Condensed Consolidated Balance Sheets were $6.0 million and $7.4 million, respectively, of capitalized debt issuance costs, associated with the Company's revolving credit facility. Accumulated amortization of capitalized debt issuance costs was $26.7 million and $25.2 million as of June 30, 2025 and December 31, 2024, respectively. Amortization of debt issuance costs was $1.5 million and $1.4 million for the six months ended June 30, 2025 and 2024, respectively, and was reflected as interest expense in the Condensed Consolidated Statements of Operations.

On July 7, 2024 and in connection with the Transactions, the Company secured backstop financing (the “Backstop Facilities”) for Paramount’s two credit facilities, which were in effect until such time as amendments were secured to Paramount’s credit facilities that permitted the pending change of control of Paramount. Total commitment costs under these Backstop Facilities were $17.3 million. This amount was recognized as interest expense during the year ended December 31, 2024 as the change of control amendment was obtained and the Company terminated the Backstop Facilities on August 6, 2024.

Financial Instruments – The reported values of short-term receivables and payables closely reflect their estimated fair values, mainly due to the short-term nature of these instruments.

Income Taxes – The Company is a limited liability company classified as a partnership for federal, state, and foreign income tax purposes, and the members separately account for the Company’s items of income, deduction, losses, and credits. Therefore, these financial statements do not include any provision for corporate income taxes, except for entity level taxes imposed on the Company by certain states where it conducts business. The state, local, and foreign taxes were immaterial for the six months ended June 30, 2025 and 2024, and are classified as general and administrative expenses in the Condensed Consolidated Statements of Operations.

2. Summary of Significant Accounting Policies (continued)

The Company evaluates its tax positions with respect to all open years, as defined by the statute of limitations, to evaluate whether it is more likely than not that such positions would be sustained upon examination by a tax authority based on their technical merits. The Company's tax returns remain open to examinations for the tax years ended December 31, 2021 through 2024, for federal tax purposes and for the tax years ended December 31, 2020 through 2024, for state tax purposes.

Goodwill – Goodwill is allocated to one reporting unit and is tested for impairment at the consolidated company level annually and more frequently if events or changes in circumstances indicate an impairment may exist. For the annual impairment test, Skydance Media performs a qualitative assessment at the consolidated level in order to determine whether it is more likely than not that the fair value of the company exceeds its respective carrying value. Additionally, the Company considers the duration of time since a quantitative test was performed. The Company performs its annual test of goodwill for impairment in the fourth quarter. For the 2024 annual impairment test, the Company performed a qualitative assessment at the consolidated level and concluded that the fair value of the Company continued to exceed its carrying value. As of June 30, 2025 and December 31, 2024, the Company had goodwill of $39.5 million recorded on its Condensed Consolidated Balance Sheets.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities. The Company's primary estimates are of the ultimate revenues and costs for feature films for each market based on anticipated release patterns, public acceptance, and historical results for similar products. Actual results could differ from those estimates. The Company also makes estimates to record revenue when distribution statements are received after the close of the reporting period, and as it relates to the fair value of share-based payment arrangements and profits interest units.

Fair Value Measurements – Fair value measurements are determined based on the assumptions that a market participant would use in pricing an asset or liability. A three-tiered hierarchy draws distinctions between market participant assumptions based on (i) observable inputs such as quoted prices in active markets (Level 1), (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2), and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (Level 3).

2. Summary of Significant Accounting Policies (continued)

The Company's non-financial instruments are not required to be carried at fair value on a recurring basis. However, if certain triggering events occur such that a non-financial instrument is required to be evaluated for impairment, a resulting asset impairment would require that the non-financial instrument be recorded at the lower of unamortized cost or its fair value.

Revenue Recognition – Revenue is recognized when control of a good or service is transferred to a customer. Control is considered to be transferred when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits of that good or service. Refer to Note 3 for further information on revenue recognition.

Lease Accounting – The Company recognizes right-of-use ("ROU") assets and lease liabilities in accordance with ASC 842, electing to use the practical expedient which allows the Company to account for each separate lease component and non-lease component as a single lease component. The Company also uses the short-term lease exemption, which permits companies to not recognize leases with an expected term of 12 months or less on the balance sheet.

3. Revenue

The table below presents the Company's revenues disaggregated into categories based on the nature of such revenues.

	Six Months Ended June 30	
	2025	**2024**
(in thousands)		
Revenue by type:		
Film and television revenue	**$ 528,662**	$ 279,490
Interactive revenue	**9,569**	5,442
Other	**415**	559
Total revenue	**$ 538,646**	$ 285,491

As mentioned previously, the Company develops, finances, and produces live-action and animated films, television shows, sports content, and interactive games for release in all media worldwide.

For theatrical releases, the Company derives its revenue from each distributor's worldwide exploitation of feature films in theaters as well as in post-theatrical markets such as home video,

3. Revenue (continued)

digital transactions and pay and free broadcast television. The Company recognizes its share of the revenues from theatrical films at the point in time at which such theatrical film's aggregate revenue, based on total receipts from worldwide exploitation in all markets and through all mediums, exceeds distribution costs and expenses (inclusive of participations and residuals), as reported periodically on distribution statements received from the distributors subsequent to the theatrical release of such films.
Reporting varies by distributor and exploitation cycle, and may include monthly reporting, quarterly reporting, and annual reporting. The Company records revenue based on distributable net cash receipts reported by the distributor and accrues revenue based on estimates in accordance with U.S. GAAP.

For SVOD releases, the Company derives revenue from the licensing of film and television content. Revenue from the licensing of film and television content that is subject to a fixed fee is recognized at a point in time when the Company satisfies its performance obligations by making the content available to the licensee for exhibition and the license period has begun, even though the licensee may elect to delay the initial airing until a future date during the license period. For some film and television SVOD releases, the Company receives advance payments prior to when revenue is recognized. In such cases, the Company records these payments as deferred revenue. Payment terms and conditions vary by customer and contract type.

The Company also derives revenue through the licensing and merchandising of certain owned and co-owned intellectual property. Revenues are received either initially by third-party distribution partners or, in certain circumstances where distribution rights are retained, directly by the Company. Revenue from licenses of symbolic intellectual property is recognized over the corresponding license term.

Revenues from games and other interactive content are recognized in a similar manner as theatrical film content based on distribution statements from the publisher of the content.

Gross Basis vs. Net Basis

Revenue from feature film projects under the Company's distribution arrangements is recorded in accordance with the accounting guidance governing gross versus net reporting. When the Company serves as the lead studio and is determined to be the principal on a co-production, it recognizes the revenues, costs, and participation expenses with respect to such co-production on a gross basis and otherwise recognizes revenues on a net basis.

3. Revenue (continued)

Contract Assets and Contract Liabilities

Certain multi-year license arrangements have payment terms over the contract term that differ from the timing of revenue recognition resulting in the recording of a contract asset or contract liability.

The Company records a contract asset for contractual payments not yet received based on a milestone billing schedule, which primarily relates to revenue recognized under licensing arrangements at the beginning of the license period when programs are made available to the licensee for exhibition, while the related cash is generally collected over the term of the license period. These contract assets are classified as accounts and other receivables on the Condensed Consolidated Balance Sheets.

Current unbilled receivables relating to revenue accrued or contractual payments for licensing arrangements not yet received were $163.5 million and $155.7 million as of June 30, 2025 and December 31, 2024, respectively, and are included in accounts and other receivables, net on the Condensed Consolidated Balance Sheets. Noncurrent unbilled receivables relating to revenue accrued or contractual payments for licensing arrangements not yet received were $83.8 million and $81.1 million as of June 30, 2025 and December 31, 2024, respectively, and are included in accounts and other receivables, net of current portion on the Condensed Consolidated Balance Sheets.

Current contract assets relating to revenue accrued or contractual payments for licensing arrangements not yet received were $22.3 million and $16.1 million as of June 30, 2025 and December 31, 2024, respectively, and are included in accounts and other receivables, net on the Condensed Consolidated Balance Sheets. Noncurrent contract assets relating to revenue accrued or contractual payments for licensing arrangements not yet received were $31.7 million and $28.8 million as of June 30, 2025 and December 31, 2024, respectively, and are included in accounts and other receivables, net of current portion on the Condensed Consolidated Balance Sheets.

A contract liability is recorded for milestone billings not yet collected prior to delivery and prior to the completion of its performance obligation. Current contract liabilities of $36.8 million and $40.5 million were classified in accounts payable and accrued liabilities on Condensed

3. Revenue (continued)

Consolidated Balance Sheets as of June 30, 2025 and December 31, 2024, respectively. The decrease in current contract liabilities is primarily due to the fulfillment of performance obligations related to milestone billings for film, television, and animation titles. Noncurrent contract liabilities of $14.1 million and $10.6 million as of June 30, 2025 and December 31, 2024, respectively, were classified in other accrued liabilities on the Condensed Consolidated Balance Sheets. The Company recognized $7.8 million in revenue for the six months ended June 30, 2025, which was included in contract liabilities as of December 31, 2024.

For film and television SVOD releases, games, as well as for certain consumer product licensing arrangements, the Company may also receive advance payments for which the revenues will be recognized only in subsequent periods once the performance obligations have been satisfied, and the Company records such payments as deferred revenue. Current deferred revenue as of June 30, 2025 and December 31, 2024 was $643.1 million and $484.8 million, respectively. The increase in current deferred revenue is primarily due to advance payments received from customers for films and television shows for which the Company has not yet met its performance obligation. Noncurrent deferred revenue as of June 30, 2025 and December 31, 2024 was $235.7 million and $212.2 million, respectively, and is included in noncurrent other liabilities on the Condensed Consolidated Balance Sheets. The Company recognized $285.8 million in revenue for the six months ended June 30, 2025, which was included in deferred revenue as of December 31, 2024.

Unrecognized Revenues Under Contract

The substantial majority of future revenue to be earned related to fixed pricing under existing third-party agreements at any given time is reflected within deferred revenue. The majority of this revenue will be recognized within 2 years. This amount may fluctuate from period to period depending on the timing of the releases and the availability of content under existing agreements and may not represent the total revenue expected to be recognized as it does not include revenue from future agreements or from variable pricing.

4. Film, Television, and Interactive Costs

(in thousands)		At June 30, 2025		At December 31, 2024
Film productions:				
Released, less accumulated amortization	**$**	**31,207**	$	41,019
In production		**842,298**		712,840
In development		**86,819**		98,124
Film costs, net		**960,324**		851,983
Television programs:				
Released, less accumulated amortization		**5,294**		5,110
In production		**495,545**		352,269
In development		**35,937**		35,558
Television costs, net		**536,776**		392,937
Interactive games:				
Released, less accumulated amortization		**15,983**		41,772
In production		**89,307**		68,097
Interactive costs, net		**105,290**		109,869
Total Film, Television and Interactive Costs	**$**	**1,602,390**	$	1,354,789

Released film, television, and interactive costs include product for which we have completed certain applicable performance obligations.

Capitalized overhead for film and television productions totaled $34.7 million and $28.2 million for the six months ended June 30, 2025 and 2024, respectively.

Interest costs capitalized to motion pictures and television series totaled $20.6 million and $16.7 million for the six months ended June 30, 2025 and 2024, respectively.

Film and television cost amortization expense was $486.0 million and $232.5 million for the six months ended June 30, 2025 and 2024, respectively. Amortization expense for the six months ended June 30, 2025 included $24.7 million in film write-downs. There were no film and television write-downs for the six months ended June 30, 2024.

Interactive games amortization expense, including any impairments recognized, was $29.0 million and $1.0 million, for the six months ended June 30, 2025 and 2024, respectively. Amortization expense for the six months ended June 30, 2025 included $19.9 million in game write-downs. There were no game write-downs for the six months ended June 30, 2024.

4. Film, Television, and Interactive Costs (continued)

Participations and residuals costs are expensed in line with the amortization of production costs and are included on the Condensed Consolidated Balance Sheets as production cost payable. Current portion of participations and residuals liability as of June 30, 2025 and December 31, 2024 were $50.3 million and $20.0 million, respectively. Noncurrent portion of participations and residuals liability as of June 30, 2025 and December 31, 2024 were $37.4 million and $55.9 million, respectively.

Production tax credits reduce capitalized film and television costs for expenditures on qualifying film and television productions, provided there is reasonable assurance that the credits will be realized. The current related receivable for these tax credits was $243.9 million and $197.9 million as of June 30, 2025, and December 31, 2024, respectively, and is included in prepaid and other current assets on the Condensed Consolidated Balance Sheets. The noncurrent related receivable for these tax credits was $13.7 million and $18.7 million as of June 30, 2025, and December 31, 2024, respectively, and is included in other assets on the Condensed Consolidated Balance Sheets. The balances represent tax credits earned within various jurisdictions for several of the Company's film and television productions.

5. Bank Borrowings

On June 28, 2023, the Company amended and restated the 2020 Credit Facility, 2016 Credit Facility, and the 2014 Credit Facility (the "2023 Credit Facility") with JPMorgan Chase Bank, N.A. The 2023 Credit Facility is a five-year, $750 million senior secured revolving credit facility, which may be increased up to $1 billion. Amounts outstanding under the 2023 Credit Facility bear interest of 2.75% over the Secured Overnight Financing Rate ("SOFR"). In May 2025, the Company elected to increase the revolving credit facility to $850 million.

The 2023 Credit Facility contains various covenants. Borrowings under the 2023 Credit Facility are collateralized by the assets of the Company. The Company is in compliance with the required covenants as of June 30, 2025.

Borrowings under the 2023 Credit Facility are used to fund the Company's films and television shows. As of June 30, 2025, the Company had $720.0 million outstanding, incurring SOFR-based interest at a weighted average rate of 7.07% and at December 31, 2024, the Company had $570.0 million outstanding, incurring SOFR-based interest at a weighted average rate of 7.32%. The borrowings under the Credit Facility are considered noncurrent and are classified as noncurrent liabilities. The carrying value of the 2023 Credit Facility approximated fair value at each balance sheet date. The Company is required to pay a commitment fee on undrawn amounts at an annual rate of 0.50%. Interest costs incurred as a result of the commitment fee were immaterial for the six months ended June 30, 2025 and 2024.

6. Investments

Investments over which the Company has a significant influence, without a controlling interest, or holds a limited liability company interest with specific ownership accounts, are accounted for under the equity method. Other investments over which the Company has no significant influence and that do not have a readily determinable fair value are recorded at cost less impairment, if any, and adjusted for any observable price changes. Investments are included in noncurrent other assets on the Condensed Consolidated Balance Sheets. As of June 30, 2025 and as of December 31, 2024, the Company had investments of $13.1 million and $13.3 million, respectively.

7. Derivatives

The Company enters into foreign exchange forward contracts to hedge foreign currency exposures on future production expenses denominated in various foreign currencies. The Company’s policy is not to use derivative financial instruments for trading or speculative purposes.

The fair values of these derivatives are recorded on the Condensed Consolidated Balance Sheets in prepaid and other current assets since the terms of these forward cash flow hedges are less than one year. Changes in the fair value of derivatives that are effective hedges are reflected in accumulated other comprehensive income or loss, a separate component of equity. During the six months ended June 30, 2025 and 2024, net unrealized gain or loss on derivative instruments reflected in other comprehensive income (loss) was $7.2 million gain and $0.2 million loss, respectively. As of June 30, 2025 and December 31, 2024, the Company had $0.5 million in unrealized gain and $6.7 million in unrealized loss on forward contracts, respectively.

The changes in the fair value of derivatives that are ineffective hedges are reflected in the Condensed Consolidated Statements of Operations. The Company did not have any unrealized gains or losses on ineffective hedges during the six months ended June 30, 2025 or 2024. Gains and losses realized upon settlement of the foreign exchange forward contracts that are effective hedges are amortized to the Condensed Consolidated Statements of Operations under film and television costs. During the six months ended June 30, 2025 and 2024, the Company realized a gain of $0.4 million and a loss of $1.8 million, respectively, on settled forward foreign exchange

7. Derivatives (continued)

contracts. The losses are reflected in film and television costs in the Condensed Consolidated Statements of Operations.

8. Related-Party Transactions

Advances Payable to the Related-Party – The Company received cash advances from one of its shareholders for the purpose of providing cash for the payment of transaction expenses. The Company entered into an agreement with the shareholder as of December 10, 2024, which states that such advances must be repaid to the shareholder by the Company or New Paramount upon completion of the Transactions. If the Transactions are terminated, Skydance will be required to repay the advances. The advances received from the shareholder totaled $45.0 million as of June 30, 2025, inclusive of accrued interest and were recorded within the advances from related party on the Condensed Consolidated Balance Sheets. The advances accrue interest expense at the annual interest rate of 5.2%.

Cloud Services – The Company entered into a new multi-year cloud services agreement with Oracle Iberica, S.R.L and Oracle America, Inc. (collectively "Oracle") in 2023. The aggregate fees paid to Oracle were $2.2 million and $1.8 million during the six months ended June 30, 2025 and 2024, respectively.

Leases – The Company entered into a lease agreement with an entity under common control as the Company in 2024 for the 2900 Building and 3000 Building ("SM Campus"), respectively. The Company recognized an ROU asset of $49.1 million and corresponding lease liability of $50.0 million as of June 30, 2025 for the 2900 Building, which was included in right-of-use asset on the Condensed Consolidated Balance Sheets. The Company commenced occupancy of the 3000 Building in April 2025, and recognized an ROU asset of $132.1 million and corresponding lease liability of $132.6 million as of June 30, 2025, which was included in right-of-use asset on the Condensed Consolidated Balance Sheets. For the six months ended June 30, 2025, rent expense for the SM Campus was $7.8 million, which was included in general and administrative expenses in the Condensed Consolidated Statements of Operations.

9. Commitments and Contingencies

The Company has certain off-balance sheet commitments that are not recognized on the Condensed Consolidated Balance Sheets as of June 30, 2025.

9. Commitments and Contingencies (continued)

Term Deals – The Company has committed term deal payments of $9.9 million that will become due within a year. Long-term commitments are $13.7 million, $8.0 million, and $1.3 million for the years ended December 31, 2026, 2027, and 2028, respectively.

Employment Contracts – As of June 30, 2025, the Company has committed short-term employment contract payments of $27.5 million. Long-term commitments are $8.3 million in 2026 and $0.8 million in 2027.

Film Commitments – The Company does not have any material unconditional purchase obligations relating to the film commitments that have not been recognized or accrued on the Condensed Consolidated Balance Sheets as of June 30, 2025 and December 31, 2024.

Litigation – The Company believes, based upon the advice of legal counsel, that there are no proceedings, either threatened or pending, which could result in a material adverse effect on the results of operations or the financial condition of the Company.

10. Profits Interests

On November 10, 2022, the Company amended its Profits Interests Plan (Skydance Management, LLC). The amended terms of the plan created a modification as to the treatment of such outstanding and vested units from liability to equity awards. In accordance with ASC 718, subsequent to the modification date, these profits interests are classified as equity awards and are recognized in the Condensed Consolidated Statements of Equity.

The Company has issued certain Class B and Class C units as profits interests, each of which are subject to forfeiture and vesting conditions. The Company had issued a total of 19,605 Class B and Class C units as of June 30, 2025. Each individual grant sets conditions and vests over a five-year period based on the service conditions. All Class B and Class C units have been vested as of June 30, 2025. Such profit interests are issued for incentive purposes to certain individuals. Estimated fair values were calculated using Level 3 inputs, including current period transactions, recent market data, marketability discounts, and an option pricing model using assumptions including expected life and a risk-free interest rate.

For the six months ended June 30, 2024, non-cash share-based compensation expense was $4.6 million and was included in the Condensed Consolidated Statements of Operations. There was no non-cash share-based compensation expense for the six months ended June 30, 2025 as profit interests were fully expensed as of June 30, 2024.

10. Profits Interests (continued)

The Company has a Phantom Plan Agreement, which authorized 160,500 units to be granted, of which 148,977 had been awarded to employees as of June 30, 2025. Units awarded under this plan do not create a liability until a liquidity event, which was deemed not probable as of June 30, 2025. Therefore, there was no financial impact on the results of the Company as of June 30, 2025. Subsequent to June 30, 2025, the Administrator of the Plan has determined that the Transactions represent a Qualifying Liquidity Event immediately prior to the completion of the Transactions. Compensation expense equal to the value attributable to the New Paramount Class B Common Stock expected to be received by the Phantom Unit Holders will be recognized in the Condensed Consolidated Statements of Operations, which is approximately 5.7 million shares as of June 30, 2025.

The Company also has certain Class D units, which are treated as profits interests, issued to investors, and classified as equity. These Class D units are subject to the Eighth Amended and Restated LLC Agreement of Skydance Media, LLC.

11. Equity

The Company and 32 Equity, an entity owned by the member clubs of the National Football League, entered into the Second Amended and Restated agreement of Skydance Sports, LLC, dated April 6, 2023 (the “Skydance Sports JV Agreement”) for the purposes of governing the relationship between the Company and 32 Equity in connection with the creation of a joint venture for the purpose of building a studio focused on developing sports-related content whereby the Company holds a 55% share of the equity in the joint venture and 32 Equity holds a 45% share. Per the Skydance Sports JV Agreement, 32 Equity and the Company have certain rights to either convert 32 Equity’s investment into an investment in Skydance Media, LLC (Flip Up) or execute certain buy/sell options to buy out 32 Equity’s investment (Put/Call). The Put/Call option is only triggered following a non-public sale of the Company. 32 Equity also has rights following the end of the exclusivity period that can result in a Flip Up or sale of Skydance Sports, LLC. Subsequent to June 30, 2025, 32 Equity and Skydance Media have agreed that the transactions contemplated in connection with the Transaction Agreement have triggered its Flip Up rights and 32 Equity will thereby receive a portion of the consideration received by other Skydance Media, LLC equity holders.

12. Employee Benefit Plans

The Company sponsors a defined contribution retirement plan (the 401(k) Plan) under provisions of Section 401(k) of the Internal Revenue Code (IRC). For all eligible employees, the maximum contribution for the Company’s match is currently equal to 100% of an employee’s contribution up to a maximum of 4% of annual income as limited by Section 415 of the IRC. The amount of the Company’s contributions, as well as all third-party costs of administering the 401(k) Plan, is paid directly by the Company and totaled $1.3 million and $1.2 million for six months ended June 30, 2025 and 2024, respectively.

13. Subsequent Events

The Company has evaluated subsequent events that occurred up to August 1, 2025, the date the accompanying financial statements were available to be issued.

On July 24, 2025, the FCC approved the proposed merger between Skydance Media and Paramount, marking the final required regulatory clearance for the Transactions. With all necessary approvals now obtained, the parties expect to close the transaction on August 7, 2025.

PARAMOUNT SKYDANCE CORPORATION

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On August 7, 2025 (the "Closing Date"), Paramount and Skydance became wholly-owned subsidiaries of Paramount Skydance Corporation, pursuant to the Transaction Agreement, dated as of July 7, 2024. For purposes of these unaudited pro forma condensed combined financial statements, references to Paramount Skydance Corporation or the "Company" reflect the combined company following the completion of the Transactions.

Also on the Closing Date, immediately prior to the consummation of the New Paramount Merger but substantially concurrently with the consummation of the PIPE Transaction described below, pursuant to the purchase and sale agreement dated July 7, 2024, the NAI Equity Investors purchased all of the outstanding equity interests of NAI from the NAI Shareholders (the "NAI Transaction"). In connection with the NAI Stock Purchase Agreement, at the closing of the Transactions and the NAI Transaction, the NAI Equity Investors received, indirectly via their ownership of NAI, 31.5 million shares of Class A Common Stock and 32.0 million shares of Class B Common Stock.

Immediately prior to the consummation of the New Paramount Merger but substantially concurrently with the Closing, the PIPE Equity Investors completed the previously announced private placement investment in Paramount Skydance Corporation (the "PIPE Transaction") contemplated by the Subscription Agreements, dated as of July 7, 2024, by and among Paramount, Paramount Skydance Corporation and each of the PIPE Equity Investors. Pursuant to the Subscription Agreements, the PIPE Equity Investors purchased, for aggregate consideration of $6.0 billion (less an aggregate subscription discount of approximately $29.0 million) the following: (i) 400 million shares of Class B Common Stock (the "PIPE Shares"), at a purchase price of $15.00 per share (less the aggregate subscription discount of $29.0 million) and (ii) in the case of the PIPE Equity Investors that are also NAI Equity Investors, an aggregate of 200 million warrants, each to subscribe for one share of Class B Common Stock per warrant at an initial exercise price of $30.50 per share (each, a "Warrant" and, collectively, the "Warrants"), with such underlying stock and exercise price subject to customary anti-dilution adjustments, and with an expiration date that is five years from the date of issuance of such warrants, in each case, pursuant to the terms of the Subscription Agreements. Based on the stockholder elections made prior to the completion of the Transactions, which were subject to a maximum cash amount, as further described below, approximately $4.5 billion of the proceeds from the PIPE Transaction were used to fund stockholder elections to receive the Class A Cash Consideration and Class B Cash Consideration. The remaining approximately $1.5 billion of cash proceeds from the PIPE Transaction were provided to Paramount Skydance Corporation as primary gross proceeds.

The Company's Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") on August 7, 2025 and Registration Statement on Form S-4 (File No. 333-282985), as amended, which was declared effective by the SEC on February 13, 2025, set forth certain additional information regarding the Transactions and the NAI Transaction. Capitalized terms used herein that are not otherwise defined shall have the meanings set forth in these filings.

The following unaudited pro forma condensed combined financial statements are presented to illustrate the effects of the PIPE Transaction, Pre-Closing Paramount Merger, New Paramount Merger, Skydance Merger and the NAI Transaction. The impact of these items on the outstanding shares and equity of Paramount Skydance Corporation is illustrated in Note 5. Other transactions contemplated by the Transaction Agreement do not have a direct impact on the unaudited pro forma condensed combined financial statements.

On August 6, 2025, at the Pre-Closing Paramount Merger Effective Time:

- Each share, other than any Pre-Closing Paramount Merger Cancelled Shares, of Paramount Class A Common Stock that was issued and outstanding was converted automatically into the right to receive one share of Class A Common Stock; and

- Each share, other than any Pre-Closing Paramount Merger Cancelled Shares, of Paramount Class B Common Stock that was issued and outstanding was converted automatically into the right to receive one share of Class B Common Stock.

On August 7, 2025, at the New Paramount Merger Effective Time:

- Each issued and outstanding share of Class A Common Stock that was held by a Specified Stockholder and was not a Cancelled Share remained issued and outstanding as a share of Class A Common Stock;

- Each issued and outstanding share of Class A Common Stock that was not held by a Specified Stockholder and was not a Cancelled Share and with respect to which an election to receive Class A Cash Consideration was properly made and not revoked by the holder thereof prior to the New Paramount Merger Effective Time in accordance with the requirements of the Transaction Agreement, was converted automatically into the right to receive the Class A Cash Consideration;

- Each issued and outstanding share of Class A Common Stock that was not held by a Specified Stockholder and was not a Cancelled Share and with respect to which (A) an election to receive Class A Stock Consideration was properly made and not revoked by the holder thereof prior to the New Paramount Merger Effective Time in accordance with the requirements of the Transaction Agreement or (B) neither an election to receive Class A Cash Consideration nor an election to receive Class A Stock Consideration was made by the holder thereof, was converted automatically into the right to receive the Class A Stock Consideration;

- Each issued and outstanding share of Class B Common Stock that was held by a Specified Stockholder or a PIPE Equity Investor and was not a Cancelled Share remained issued and outstanding as one share of Class B Common Stock;

- Each issued and outstanding share of Class B Common Stock that was not held by a Specified Stockholder or a PIPE Equity Investor and was not a Cancelled Share and with respect to which an election to receive Class B Cash Consideration was properly made and not revoked by the holder thereof prior to the New Paramount Merger Effective Time in accordance with the requirements of the Transaction Agreement was, subject to the proration mechanism described herein, converted automatically into the right to receive the Class B Cash Consideration; and

- Each issued and outstanding share of Class B Common Stock that was not held by a Specified Stockholder or a PIPE Equity Investor and was not a Cancelled Share and with respect to which (A) an election to receive the Class B Stock Consideration was properly made and not revoked by the holder thereof prior to the New Paramount Merger Effective Time in accordance with the requirements of the Transaction Agreement or (B) neither an election to receive Class B Cash Consideration nor an election to receive Class B Stock Consideration was made by the holder thereof remained issued and outstanding as one share of Class B Common Stock. Elections made for the Class B Cash Consideration were subject to a proration mechanism. The Class B Cash Consideration was prorated as necessary to ensure that the total number of shares of Class B Common Stock converted into the right to receive the Class B Cash Consideration was limited to the amount equal to the Class B Cash Cap divided by the Class B Cash Consideration. Since the holders of Paramount Class B Common Stock made cash elections in the aggregate equal to at least the Maximum Class B Cash Share Number, all other shares of Class B Common Stock (other than Cancelled Shares) remained issued and outstanding as shares of Class B Common Stock, and the Class B Cash Cap was allocated pro rata across all shares of Class B Common Stock electing to receive the Class B Cash Consideration.

Immediately prior to the Skydance Merger Effective Time, each award of Phantom Units (as defined in the Skydance 2019 Phantom Unit Plan, as amended from time to time) and each award of phantom units issued under the phantom unit plan adopted by Skydance Sports, LLC, that was issued and outstanding immediately prior to the Skydance Merger Effective Time (collectively, the “Skydance Phantom Units”) was cancelled and terminated and converted into the right to receive the applicable portion of the Skydance Merger Consideration, as described below.

Upon completion of the Skydance Merger on the Closing Date:

- Each Skydance Membership Unit and each Skydance Phantom Unit that was issued and outstanding immediately prior to the Skydance Merger Effective Time (other than any Skydance Membership Unit held, directly or indirectly, by Paramount Skydance Corporation or Skydance) was converted automatically into the right to receive the applicable portion of 316,666,667 (313,822,776 after reduction in connection with certain tax withholding requirements) shares of Class B Common Stock. Of such 313,822,776 shares of Class B Common Stock issued in the Skydance Merger, the Ellison family received, indirectly through entities they control, approximately 192 million shares.

Following the New Paramount Merger, NAI held 100.0% of the Company’s voting Class A Common Stock. Accordingly, at the time of the Skydance Merger, entities controlled by the Ellison family indirectly held approximately 77.5% of the Class A Common Stock through their collective approximate 77.5% ownership interest in NAI, and as a result also controlled Paramount.

The Skydance Merger is being accounted for as a transaction between entities under common control since, at the time of the Skydance Merger, the Ellison family controlled both Skydance and Paramount and is the ultimate parent of Paramount Skydance Corporation. The Ellison family either individually or through ownership of various entities (collectively, the "Ultimate Parent") has controlled Skydance since the inception of Skydance Media, LLC on June 23, 2010, and the historical financial statements of Skydance reflect the cost basis of the Ellison family as a result. Paramount and Skydance are presented on a combined basis from the date common control was established, which occurred upon completion of the NAI Transaction and immediately prior to the completion of the Skydance Merger. As a transaction between entities under common control, the net assets are combined at the Ultimate Parent's basis, which for Paramount is deemed to be the estimated fair value as of August 7, 2025, the date the NAI Transaction was completed. Since the net assets of Skydance are already at the Ultimate Parent's basis, no adjustment to the fair value of net assets is necessary.

The unaudited Pro Forma Condensed Combined Balance Sheet is presented as if the Transactions and the NAI Transaction occurred on June 30, 2025. The unaudited Pro Forma Condensed Combined Statements of Operations are presented as if the Transactions and the NAI Transaction occurred on January 1, 2024, the beginning of the earliest period presented. The unaudited pro forma condensed combined financial statements are derived from the respective historical consolidated financial statements of Paramount and Skydance for each period presented, and reflect the assumptions and adjustments set forth in the accompanying explanatory notes.

The pro forma adjustments to adjust Paramount's assets, liabilities and noncontrolling interests to the Ultimate Parent's basis are based on Paramount Skydance Corporation's preliminary estimates of fair value on the basis of information available to it as of the date of this document. The fair value estimates assumed herein may differ materially based upon the finalization of appraisals and other valuation analyses, which are expected no later than one year from the Closing Date. These unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and do not necessarily reflect the operating results or financial position that would have occurred if the Transactions and the NAI Transaction had been consummated on the dates indicated, nor are they necessarily indicative of the results of operations or financial condition that may be expected for any future period or date. Accordingly, such information should not be relied upon as an indicator of future performance, financial condition or liquidity. Additionally, the unaudited pro forma condensed combined financial statements do not give effect to revenue synergies, operating efficiencies or cost savings that may be achieved with respect to the combined company. Actual results may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the following materials:

- the accompanying notes to the unaudited pro forma condensed combined financial statements;
- Paramount's historical unaudited consolidated financial statements and the notes thereto contained in Paramount's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025, filed on July 31, 2025, and the historical audited consolidated financial statements and the notes thereto contained in Paramount's Annual Report on Form 10-K for the year ended December 31, 2024, filed on February 26, 2025; and
- Skydance's historical unaudited consolidated financial statements for the six months ended June 30, 2025 and historical audited consolidated financial statements and the notes thereto for the year ended December 31, 2024, which are included in the Company's Current Report on Form 8-K filed with the SEC on October 23, 2025.

PARAMOUNT SKYDANCE CORPORATION

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AT JUNE 30, 2025
(In millions)

	Historical		Pro Forma Adjustments			
	Paramount Global	Skydance, Adjusted [2]	Transaction Accounting Adjustments	Intercompany Transactions [4]	Adjustments to Paramount's Basis	Pro Forma
Assets						
Current Assets:						
Cash and cash equivalents	$ 2,739	$ 274	$ 1,517 [5c] (43) [5i] (720) [6e] (45) [6f]	$ —	$ —	$ 3,722
Receivables, net	6,291	362	—	(23)	—	6,630
Programming and other inventory	1,519	—	—	—	—	1,519
Prepaid expenses and other current assets	1,568	301	4 [7a]	(31)	—	1,842
Total current assets	12,117	937	713	(54)	—	13,713
Property and equipment, net	1,494	22	—	—	637 [3a]	2,153
Programming and other inventory	13,812	1,602	—	(53)	(263) [3b]	15,098
Goodwill	10,488	40	—	—	(9,552) [3c]	976
Intangible assets, net	2,249	—	—	—	4,493 [3d]	6,742
Operating lease assets	922	190	—	—	(32) [3e]	1,080
Deferred income tax assets, net	1,354	—	113 [7a]	—	(270) [3f],[7b]	1,197
Other assets	2,490	182	—	(5)	—	2,667
Total Assets	$ 44,926	$ 2,973	$ 826	$ (112)	$ (4,987)	$ 43,626
Liabilities and Stockholders' Equity						
Current Liabilities:						
Accounts payable	$ 822	$ 44	$ —	$ (25)	$ —	$ 841
Accrued expenses	1,727	67	216 [6a-6b]	—	—	2,010
Participants' share and royalties payable	2,642	98	—	(45)	—	2,695
Accrued programming and production costs	1,381	86	—	(16)	—	1,451
Advances from related party	—	45	(45) [6f]	—	—	—
Deferred revenues	753	680	—	—	—	1,433
Debt	346	2	—	—	(1) [3g]	347
Other current liabilities	1,059	16	(21) [7a]	—	(2) [3e]	1,052
Total current liabilities	8,730	1,038	150	(86)	(3)	9,829
Long-term debt	14,168	721	(720) [6e]	—	(895) [3g]	13,274
Participants' share and royalties payable	1,247	57	—	(50)	—	1,254
Pension and postretirement benefit obligations	1,097	—	—	—	207 [3h]	1,304
Deferred income tax liabilities, net	34	—	—	—	343 [3f],[7c]	377
Operating lease liabilities	993	176	—	—	(9) [3e]	1,160
Program rights obligations	183	—	—	—	—	183
Other liabilities	1,363	252	—	—	1,195 [3i]	2,810
Stockholders' equity:						
Skydance Media members' equity	—	1,428	(1,428) [5h]	—	—	—
Common stock	1	—	— [5a]	—	—	1
Additional paid-in-capital	33,455	—	1,428 [5h] 1,517 [5c] (22,958) [5b] 19 [5i]	—	6,132 [5e] (6,651) [5d]	12,942
Treasury stock	(22,958)	—	22,958 [5b]	—	—	—
Retained earnings (accumulated deficit)	7,626	(724)	(182) [6d] (62) [5i] 104 [7f]	24	(7,551) [5e]	(765)
Accumulated other comprehensive loss	(1,419)	—	—	—	926 [5e] 493 [5e]	—
Total Paramount Skydance Corporation stockholders' equity	16,705	704	1,396	24	(6,651) [5d]	12,178
Noncontrolling interests	406	25	—	—	826 [3j]	1,257
Total Equity	17,111	729	1,396	24	(5,825)	13,435
Total Liabilities and Equity	$ 44,926	$ 2,973	$ 826	$ (112)	$ (4,987)	$ 43,626

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

PARAMOUNT SKYDANCE CORPORATION

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2025
(In millions, except per share amounts)

	Historical		Pro Forma Adjustments			
	Paramount Global	**Skydance, Adjusted (2)**	**Transaction Accounting Adjustments**	**Intercompany Transactions (4)**	**Adjustments to Paramount's Basis**	**Pro Forma**
Revenues	$ 14,041	$ 539	$ —	$ (48)	$ —	$ 14,532
Costs and expenses:						
Operating	9,585	606	—	(60)	—	10,131
Selling, general and administrative	2,944	11	—	—	—	2,955
Depreciation and amortization	175	1	—	—	(44) (3a) 479 (3d)	611
Impairment charges	157	—	—	—	—	157
Restructuring and transaction-related items	266	35	—	—	—	301
Total costs and expenses	13,127	653	—	(60)	435	14,155
Gain on dispositions	35	—	—	—	—	35
Operating income (loss)	949	(114)	—	12	(435)	412
Interest expense, net	(361)	(2)	5 (6e)	—	(26) (3g)	(384)
Other items, net	(76)	—	—	—	68 (5e)	(8)
Earnings (loss) from continuing operations before income taxes and equity in loss of investee companies	512	(116)	5	12	(393)	20
Provision for income taxes	(150)	—	40 (7d)	—	96 (7e)	(14)
Equity in loss of investee companies, net of tax	(140)	—	—	—	—	(140)
Net income (loss) from continuing operations	222	(116)	45	12	(297)	(134)
Net (earnings) loss attributable to noncontrolling interests	(13)	1	—	—	—	(12)
Net income (loss) from continuing operations attributable to Paramount Skydance Corporation	$ 209	$ (115)	$ 45	$ 12	$ (297)	$ (146)
Net income (loss) from continuing operations per common share attributable to Paramount (Historical) and Paramount Skydance Corporation (Pro forma):						
Basic	$ .31					$ (.13)
Diluted	$ .31					$ (.13)
Weighted average number of common shares outstanding:						
Basic	673		422 (5j)			1,095
Diluted	679		422 (5j)		(6) (5j)	1,095

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

PARAMOUNT SKYDANCE CORPORATION

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2024
(In millions, except per share amounts)

	Historical		Pro Forma Adjustments			
	Paramount Global	Skydance, Adjusted [2]	Transaction Accounting Adjustments	Intercompany Transactions [4]	Adjustments to Paramount's Basis	Pro Forma
Revenues	$ 29,213	$ 1,137	$ —	$ (79)	$ —	$ 30,271
Costs and expenses:						
Operating	19,437	1,064	—	(94)	—	20,407
Programming charges	1,118	—	—	—	—	1,118
Selling, general and administrative	6,658	24	—	—	—	6,682
Depreciation and amortization	392	3	—	—	(85) (3a) 956 (3d)	1,266
Impairment charges	6,130	—	—	—	—	6,130
Restructuring, transaction-related items, and other corporate matters	747	62	217 (6a - 6c)	—	—	1,026
Total costs and expenses	34,482	1,153	217	(94)	871	36,629
Operating loss	(5,269)	(16)	(217)	15	(871)	(6,358)
Interest expense, net	(709)	(15)	9 (6e)	—	(52) (3g)	(767)
Loss from investments	(17)	—	—	—	—	(17)
Other items, net	(182)	1	—	—	139 (5e)	(42)
Loss from continuing operations before income taxes and equity in loss of investee companies	(6,177)	(30)	(208)	15	(784)	(7,184)
Benefit from income taxes	305	—	140 (7d)	—	192 (7e)	637
Equity in loss of investee companies, net of tax	(291)	(1)	—	—	—	(292)
Net loss from continuing operations	(6,163)	(31)	(68)	15	(592)	(6,839)
Net earnings attributable to noncontrolling interests	(41)	(5)	—	—	—	(46)
Net loss from continuing operations attributable to Paramount Skydance Corporation	$ (6,204)	$ (36)	$ (68)	$ 15	$ (592)	$ (6,885)
Net loss from continuing operations per common share attributable to Paramount (Historical) and Paramount Skydance Corporation (Pro forma):						
Basic	$ (9.36)					$ (6.35)
Diluted	$ (9.36)					$ (6.35)
Weighted average number of common shares outstanding:						
Basic	664		422 (5j)			1,086
Diluted	664		422 (5j)			1,086

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(Tabular dollars in millions, except per share amounts)

1) BASIS OF PRESENTATION

The unaudited pro forma condensed combined financial statements give effect to the completion of the Transactions, including the Skydance Merger, which is being accounted for as a transaction between entities under common control since, at the time of the Skydance Merger, the Ellison family controlled both Skydance and Paramount and is the Ultimate Parent of Paramount Skydance Corporation. For the purpose of determining the accounting treatment for the Skydance Merger, the Ellison family is comprised of Lawrence Ellison and David Ellison. David Ellison is the son of Lawrence Ellison, and Lawrence Ellison and David Ellison are immediate family members as a result. The Ellison family, either individually or through ownership of various entities has controlled Skydance since the inception of Skydance Media, LLC on June 23, 2010 and the historical financial statements of Skydance reflect the cost basis of the Ellison family as a result. As of June 30, 2025, the Ellison family owned approximately 67.0% of the membership interests and approximately 78.0% of the voting membership interests of Skydance. NAI had voting control of Paramount through its direct and indirect ownership of Paramount Class A Common Stock, of which it owned approximately 77.4% as of June 30, 2025. Holders of Paramount Class A Common Stock were entitled to one vote per share with respect to all matters on which the holders of Paramount common stock were entitled to vote. Holders of Paramount Class B Common Stock did not have voting rights. Pursuant to the NAI Transaction, which occurred immediately prior to the completion of the Skydance Merger, the NAI Equity Investors, including entities controlled by the Ellison family, acquired all of the outstanding equity interests of NAI, the controlling stockholder of Paramount, and, in turn, entities controlled by the Ellison family own approximately 77.5% of NAI. At the time of the Skydance Merger, entities controlled by the Ellison family indirectly held approximately 77.5% of the Class A Common Stock through their collective 77.5% ownership interest in NAI, and as a result also controlled Paramount. The pro forma adjustments relating to the Transactions are included in the "Transaction Accounting Adjustments" columns on the unaudited Pro Forma Condensed Combined Balance Sheet and the unaudited Pro Forma Condensed Combined Statements of Operations and are described in Notes 5, 6 and 7.

Paramount and Skydance are presented on a combined basis from the date common control was established, which occurred upon completion of the NAI Transaction and immediately prior to the completion of the Skydance Merger. As a transaction between entities under common control, the net assets are combined at the Ultimate Parent’s basis, which for Paramount is deemed to be the estimated fair value as of August 7, 2025, the date the NAI Transaction was completed. Since the net assets of Skydance are already at the Ultimate Parent’s basis, no adjustment to the fair value of net assets is necessary. The pro forma adjustments to record the net assets of Paramount at the current estimate of their fair value as of the date the NAI Transaction was completed are included in the "Adjustments to Paramount's Basis" columns on the unaudited Pro Forma Condensed Combined Balance Sheet and the unaudited Pro Forma Condensed Combined Statements of Operations and are described in Note 3.

Paramount has been identified as the predecessor entity to Paramount Skydance Corporation based on the relative size and fair value of Paramount and Skydance, and the fact that Paramount was an existing publicly traded company prior to the completion of the Transactions. No single factor was the sole determinant in the overall conclusion that Paramount is the predecessor; rather all factors were considered in arriving at such conclusion.

The unaudited Pro Forma Condensed Combined Balance Sheet is presented as if the Transactions and the NAI Transaction occurred on June 30, 2025. The unaudited Pro Forma Condensed Combined Statements of Operations are presented as if the Transactions and the NAI Transaction occurred on January 1, 2024, the beginning of the earliest period presented. The unaudited pro forma condensed combined financial statements are derived from the respective historical consolidated financial statements of Paramount and Skydance for each period presented, and reflect the assumptions and adjustments set forth in the accompanying explanatory notes. The historical amounts for Skydance reflect reclassification adjustments to conform to Paramount Skydance Corporation’s presentation (see Note 2).

The preparation of the unaudited pro forma condensed combined financial statements requires management to make estimates and assumptions that affect the amounts reported in such financial statements and the notes thereto. These unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and do not necessarily reflect the operating results or financial position that would have occurred if the Transactions and the NAI Transaction had been consummated on the dates indicated, nor are they necessarily indicative of the results of operations or financial condition that may be expected for any future period or date. Accordingly, such financial statements should not be relied upon as an indicator of future performance, financial condition or liquidity. Additionally, the unaudited pro forma condensed combined financial statements do not give effect to revenue synergies, operating efficiencies or cost savings that may be achieved with respect to the combined company. Actual results may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial statements.

(Tabular dollars in millions, except per share amounts)

The pro forma adjustments to adjust Paramount's assets and liabilities to the Ultimate Parent's basis are based on Paramount Skydance Corporation's preliminary estimates of fair value on the basis of information available to it as of the date of this document, as if the Transactions and NAI Transaction were completed on June 30, 2025. The fair value estimates assumed herein may differ materially based upon the finalization of appraisals and other valuation analyses, which are expected no later than one year from the Closing Date.

2) PRESENTATION OF HISTORICAL SKYDANCE

The historical financial information of Skydance included in the unaudited pro forma condensed combined financial statements reflects certain reclassifications to conform Skydance's historical financial information to Paramount Skydance Corporation's presentation, which are presented in the tables below.

Balance Sheet Reclassifications

	At June 30, 2025		
	Historical Skydance	**Reclassification Adjustments**	**Historical Skydance, Adjusted**
Assets			
Current Assets:			
Cash and cash equivalents	$ 274	$ —	$ 274
Accounts and other receivables, net	390	(390)	—
Receivables, net	—	362	362
Prepaid expenses and other current assets	273	28	301
Total current assets	937	—	937
Property and equipment, net	22	—	22
Film costs, net	960	(960)	—
Television costs, net	537	(537)	—
Interactive costs, net	105	(105)	—
Programming and other inventory	—	1,602	1,602
Goodwill	40	—	40
Operating lease assets	190	—	190
Accounts and other receivables, net of current portion	141	(141)	—
Other assets	41	141	182
Total Assets	$ 2,973	$ —	$ 2,973

NOTES TO UNAUDITED PRO FORMA
CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)
(Tabular dollars in millions, except per share amounts)

	At June 30, 2025		
	Historical Skydance	Reclassification Adjustments	Historical Skydance, Adjusted
Liabilities and Equity			
Current Liabilities:			
Accounts payable and accrued liabilities	$ 149	$ (149)	$ —
Accounts payable	—	44	44
Accrued expenses	—	67	67
Participants' share and royalties payable	—	98	98
Production costs payable	183	(183)	—
Accrued programming and production costs	—	86	86
Advances from related party	45	—	45
Deferred revenues	643	37	680
Debt	—	2	2
Lease liability	16	(16)	—
Other current liabilities	2	14	16
Total current liabilities	1,038	—	1,038
Bank borrowings	720	(720)	—
Long-term debt	—	721	721
Participants' share and royalties payable	—	57	57
Operating lease liabilities	176	—	176
Production costs payable	57	(57)	—
Other accrued liabilities	16	(16)	—
Other liabilities	237	15	252
Equity:			
Skydance Media members' equity	1,428	—	1,428
Accumulated deficit	(724)	—	(724)
Total Skydance Media members' equity	704	—	704
Noncontrolling interests	25	—	25
Total Equity	729	—	729
Total Liabilities and Equity	$ 2,973	$ —	$ 2,973

NOTES TO UNAUDITED PRO FORMA
CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)
(Tabular dollars in millions, except per share amounts)

Statements of Operations Reclassifications

	Six Months Ended June 30, 2025		
	Historical Skydance	**Reclassification Adjustments**	**Historical Skydance, Adjusted**
Revenues	$ 539	$ —	$ 539
Costs and expenses:			
Film, television and interactive costs	575	(575)	—
Operating	—	606	606
General and administrative expenses	77	(77)	—
Selling, general and administrative	—	11	11
Depreciation and amortization	1	—	1
Restructuring and transaction-related items	—	35	35
Total costs and expenses	653	—	653
Operating loss	(114)	—	(114)
Interest expense, net	(2)	—	(2)
Net loss	$ (116)	$ —	$ (116)

	Year Ended December 31, 2024		
	Historical Skydance	**Reclassification Adjustments**	**Historical Skydance, Adjusted**
Revenues	$ 1,137	$ —	$ 1,137
Costs and expenses:			
Film, television and interactive costs	1,008	(1,008)	—
Operating	—	1,064	1,064
General and administrative expenses	142	(142)	—
Selling, general and administrative	—	24	24
Depreciation and amortization	3	—	3
Restructuring, transaction-related items, and other corporate matters	—	62	62
Total costs and expenses	1,153	—	1,153
Operating loss	(16)	—	(16)
Other loss	(1)	1	—
Interest expense, net	(15)	—	(15)
Foreign exchange gain	1	(1)	—
Other items, net	—	1	1
Equity in loss of investee companies, net of tax	—	(1)	(1)
Net loss	$ (31)	$ —	$ (31)

3) ADJUSTMENTS TO PARAMOUNT'S BASIS

The NAI Transaction resulted in a change in control of Paramount that established a new accounting basis, which reflects the estimated fair value of Paramount as indicated by the NAI Transaction, the New Paramount Merger and the PIPE Transaction. The table below presents the calculation of the Ultimate Parent's basis in Paramount assuming the NAI Transaction, the New Paramount Merger and the PIPE Transaction occurred on June 30, 2025.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)
(Tabular dollars in millions, except per share amounts)

Estimated value of NAI Transaction consideration attributable to Paramount common stock	$ 2,000	(a)
Cash paid to stockholders in the New Paramount Merger	4,454	(b)
Primary gross proceeds in the PIPE Transaction, net of subscription discount	1,517	
Outstanding Paramount RSU Awards and Paramount PSU Awards	80	(c)
Remaining shares of Class B Common Stock	3,520	(d)
Paramount basis at June 30, 2025	$ 11,571	

(a) In the NAI Transaction, the NAI Equity Investors purchased all of the outstanding equity interests of NAI. Based upon preliminary valuation analyses of NAI's assets and liabilities at the time of this transaction, the estimated value attributable to the shares of Paramount common stock held by NAI is approximately $2.0 billion. The fair value estimates assumed herein may differ materially based upon the finalization of appraisals and other valuation analyses.

(b) Reflects cash paid to holders of Paramount Class A Common Stock and Paramount Class B Common Stock who elected to receive the Class A Cash Consideration and Class B Cash Consideration of $23.00 per share and $15.00 per share, respectively, in the Transactions. Such payout was funded by the $6.0 billion PIPE Transaction.

(c) Reflects the fair value of outstanding Paramount RSU Awards and Paramount PSU Awards attributable to employees' service prior to the Transactions and the NAI Transaction. The fair value is based on the closing stock price of Paramount Class B Common Stock on August 6, 2025 of $11.04 per share. The remaining fair value of outstanding Paramount RSU Awards and Paramount PSU Awards, which were assumed by Paramount Skydance Corporation and converted into awards of restricted stock units covering an equivalent number of shares of Class B Common Stock, are being expensed over their remaining vesting periods.

(d) Reflects 318.8 million shares of Class B Common Stock owned by holders of Paramount Class A and Class B Common Stock following the New Paramount Merger, other than those held directly or indirectly by NAI or its affiliates, not converted into cash, valued at the closing stock price of Paramount Class B Common Stock on August 6, 2025 of $11.04 per share. Certain holders of Paramount Class A Common Stock received the Class A Stock Consideration, which resulted in the conversion of 2.0 million shares of Paramount Class A Common Stock into approximately 3.1 million shares of Class B Common Stock, based on the exchange ratio of one share of Class A Common Stock to 1.5333 shares of Class B Common Stock.

(Tabular dollars in millions, except per share amounts)

The unaudited Pro Forma Condensed Combined Balance Sheet includes the following pro forma adjustments to present the Paramount net assets at the Ultimate Parent's basis:

	Adjustment to Historical Basis	
Assets:		
Property and equipment, net	$ 637	(3a)
Programming and other inventory	(263)	(3b)
Goodwill	(9,552)	(3c)
Intangible assets, net		
FCC licenses	496	(3d)
Trade names	1,317	(3d)
Affiliate relationships	1,016	(3d)
Subscriber relationships	1,080	(3d)
Franchises	326	(3d)
Developed technology	258	(3d)
Operating lease assets	(32)	(3e)
Deferred income tax assets, net	(270)	(3f)
Total assets	$ (4,987)	
Liabilities:		
Debt (current)	$ (1)	(3g)
Other current liabilities	(2)	(3e)
Long-term debt	(895)	(3g)
Pension and postretirement benefit obligations	207	(3h)
Deferred income tax liabilities, net	343	(3f)
Operating lease liabilities	(9)	(3e)
Other liabilities	1,195	(3i)
Total liabilities	$ 838	
Noncontrolling interests	$ 826	(3j)
Total adjustment to Paramount basis	$ (6,651)	

(3a) The pro forma increase reflects the estimated incremental fair value of Paramount’s property and equipment, principally owned land and buildings, of $704 million, partially offset by the reversal of the net book value of developed technology as of June 30, 2025 of $67 million. Developed technology is recorded at its estimated fair value within “Intangible assets, net” and the related expense, which has historically been recorded in depreciation expense, is recorded in intangible asset amortization expense. See (3d) below. As a result, the pro forma adjustments to "Depreciation and amortization" on the unaudited Pro Forma Condensed Combined Statements of Operations include a reduction to depreciation expense of $44 million and $85 million for the six months ended June 30, 2025 and year ended December 31, 2024, respectively, as a result of the reclassification of depreciation expense for developed technology and lower depreciation related to the fair value adjustment to Paramount’s owned real estate, primarily reflecting an increase in the value of land, which is not depreciated. No changes to the useful lives of Paramount’s property and equipment are expected in connection with the changes to Paramount’s basis.

(3b) Adjustment to reflect programming assets at their estimated fair value. The unaudited Pro Forma Condensed Combined Statements of Operations do not include any pro forma adjustments to “Operating expenses” as it is not practicable to estimate the impact of the fair value adjustments on historical content amortization expense. Paramount’s content portfolio at any point in time is comprised of numerous assets with a different mix of useful lives and amortization patterns that limit the comparability of the content portfolio as of the closing of the Transactions to the content portfolio as of prior historical periods.

(Tabular dollars in millions, except per share amounts)

(3c) Reflects the reversal of the historical Paramount goodwill balance of $10,488 million, partially offset by the establishment of new goodwill of $936 million, which is calculated as the difference between the total adjustment to Paramount’s basis and the adjustments for identifiable tangible and intangible net assets based on the preliminary fair value estimates assumed herein.

(3d) FCC licenses are intangible assets with indefinite lives and, as such, no amortization is reflected in the unaudited Pro Forma Condensed Combined Statements of Operations. Identified finite-lived intangible assets and the related estimated useful lives are as follows:

Intangible assets	Estimated straight-line amortization period
Trade names	10-20 years
Affiliate relationships	2-3 years
Subscriber relationships	2 years
Franchises	20 years
Developed technology	3-5 years

The pro forma adjustments to "Depreciation and amortization" on the unaudited Pro Forma Condensed Combined Statements of Operations of $479 million and $956 million for the six months ended June 30, 2025 and year ended December 31, 2024, respectively, reflect the net incremental amortization expense related to the intangible assets, including developed technology, which has historically been included in depreciation expense. A 10% change in the valuation of finite-lived intangible assets would result in a corresponding increase or decrease in expense of approximately $49 million and $98 million for the six months ended June 30, 2025 and year ended December 31, 2024, respectively, based on the estimated useful lives described above.

(3e) "Operating lease assets" and "Operating lease liabilities," including the current portion, which is recorded within "Other current liabilities," have been adjusted to the estimated fair value using Paramount's incremental borrowing rate as of the closing of the Transactions.

(3f) The estimated tax impacts of the pro forma adjustments to reflect Paramount’s assets, liabilities and noncontrolling interests at the Ultimate Parent's basis in the unaudited Pro Forma Condensed Combined Balance Sheet and the related adjustments in the unaudited Pro Forma Condensed Combined Statements of Operations are reflected using the estimated deferred tax rates of the combined company. See Note 7.

(3g) The pro forma adjustment to "Long-term debt" reflects the removal of net unamortized discount and unamortized deferred financing costs ("debt issuance costs") totaling $463 million offset by a reduction of $1,359 million to adjust debt to its fair value, which is determined based on quoted prices in active markets. The pro forma adjustments to "Interest expense, net” of $26 million and $52 million for the six months ended June 30, 2025 and year ended December 31, 2024, respectively, reflect the amortization of this fair value adjustment partially offset by the removal of the amortization of debt issuance costs. A 1% change in the fair value of debt would result in a corresponding increase or decrease in interest expense of approximately $8 million and $16 million for the six months ended June 30, 2025 and year ended December 31, 2024, respectively.

(3h) Adjustment to increase Paramount’s pension and postretirement benefit plan liabilities, which reflects an increase in projected benefit obligations, net of the fair value of plan assets, due to remeasurement based on actuarial assumptions, including discount rate and expected rates of return on plan assets, as of the closing of the Transactions.

(3i) “Other liabilities” includes an adjustment to reflect the fair value of Paramount Global’s estimated contingent liabilities, principally for the defense and settlement of lawsuits claiming various personal injuries related to exposure to asbestos and other materials allegedly caused by products manufactured by Westinghouse, a predecessor operation, as well as claims from federal and state environmental regulatory agencies and other entities asserting liability for environmental cleanup costs and related damages. “Other liabilities” also reflects an adjustment to establish liabilities for unfavorable contractual arrangements.

(3j) The adjustment to increase noncontrolling interest to its estimated fair value is based on expected future cash flows.

The above pro forma adjustments to the unaudited Pro Forma Condensed Combined Balance Sheet are based on Paramount Skydance Corporation’s preliminary estimates of fair value on the basis of information available to it as of the date of this document, as if the Transactions and NAI Transaction were completed on June 30, 2025, while the above pro forma adjustments to the unaudited Pro Forma Condensed Combined Statements of Operations are presented as if the Transactions and the NAI Transaction occurred on January 1, 2024, the beginning of the earliest period presented. The fair value estimates assumed herein may differ materially based upon the finalization of appraisals and other valuation analyses, which are expected no later than one year from the Closing Date.

4) INTERCOMPANY TRANSACTIONS

Transactions between Paramount and Skydance primarily include the co-production of feature film and television content and Paramount's distribution of certain feature films on behalf of Skydance. The unaudited pro forma condensed combined financial statements have been adjusted to eliminate transactions between Paramount and Skydance, primarily consisting of Skydance’s revenues and Paramount’s participation expenses related to Skydance’s co-participant share of revenues earned on feature film and television productions and receivables and payables accrued by each party in connection with the co-production relationships. Additionally, the unaudited Pro Forma Condensed Combined Statements of Operations include adjustments to the amortization of production costs and expensing of participation and residual costs for feature film and television co-production titles to reflect the application of the individual-film-forecast-computation method based on the combined company’s estimate of ultimate revenues for such titles. The pro forma adjustment to “Retained earnings (accumulated deficit)” on the unaudited Pro Forma Condensed Combined Balance Sheet was the result of timing differences between Paramount’s accrual of participations expense to Skydance in the period the related revenue is earned and Skydance’s recognition of its share of this revenue and corresponding amortization of production costs when Paramount subsequently remits the participations payments following the collection of receivables due from licensees.

5) ISSUANCE AND CONVERSION OF SHARES AND RELATED ACTIVITY

The unaudited Pro Forma Condensed Combined Balance Sheet reflects the below impacts of the Transactions on Class A Common Stock and Class B Common Stock.

- *Pre-Closing Paramount Merger* — On the day immediately prior to the Closing Date, each issued and outstanding share of Paramount Class A Common Stock was converted automatically into the right to receive one share of Class A Common Stock and each issued and outstanding share of Paramount Class B Common Stock was converted automatically into the right to receive one share of Class B Common Stock.

  At the Pre-Closing Paramount Merger Effective Time, each share of Paramount common stock that was owned by Paramount as treasury stock was canceled and ceased to exist.

- *PIPE Transaction* — The PIPE Transaction included the issuance of 400 million shares of Class B Common Stock and, in the case of the NAI Equity Investors, 200 million warrants to subscribe for one share of Class B Common Stock at an initial exercise price of $30.50 per share, to the PIPE Equity Investors in exchange for $6.0 billion in cash (less an aggregate subscription discount of $29 million), pursuant to the PIPE Transaction.

  Eligible holders of 7.2 million shares of Paramount Class A Common Stock elected to receive the Class A Cash Consideration and holders of Paramount Class B Common Stock made cash elections with respect to a number of shares of Paramount Class B Common Stock equal to at least the Maximum Class B Cash Share Number, and, therefore, proceeds of approximately $4.5 billion from the PIPE Transaction were used to fund stockholder elections to receive the Class A Cash Consideration and Class B Cash Consideration in the New Paramount Merger, as described below. The remaining approximately $1.5 billion of primary gross proceeds (after giving effect to the subscription discount), was provided to Paramount Skydance Corporation.

(Tabular dollars in millions, except per share amounts)

- *New Paramount Merger* — Cash settlement of 7.2 million shares of Class A Common Stock at a price of $23.00 per share and cash settlement of 285.9 million shares of Class B Common Stock at a price of $15.00 per share for which holders of the shares elected to receive the Class A Cash Consideration and Class B Cash Consideration, respectively, was funded by approximately $4.5 billion of the PIPE Transaction proceeds. Elections made for the Class B Cash Consideration were subject to a proration mechanism. The cash-settled shares ceased to exist after the completion of the Transactions.

  Holders of 2.0 million shares of Paramount Class A Common Stock elected to receive the Class A Stock Consideration or made no election, and as such received Class A Stock Consideration. Based on the exchange ratio of one share of Paramount Class A Common Stock to 1.533 shares of Class B Common Stock, 3.1 million shares of Class B Common Stock were issued as Class A Stock Consideration, resulting in a total net increase of 1.1 million shares to Paramount Skydance Corporation common stock issued and outstanding.

- *Skydance Merger* — Issuance of approximately 316.7 million (313.8 million after reduction in connection with certain tax withholding requirements) shares of Class B Common Stock to holders of Skydance Membership Units and Skydance Phantom Unit awards in connection with the Skydance Merger. For Skydance Membership Units that were held by Upstream Blocker Holders, the Blocker Contribution entitled these holders to receive their allocable portion of the 316.7 million shares in the Skydance Merger. After the Skydance Merger, there were no outstanding Skydance Membership Units other than those held by the Company in the Surviving Skydance Entity and there were no outstanding Skydance Phantom Units.

The table below calculates shares of Class A Common Stock and Class B Common Stock issued and outstanding after completion of the Transactions, based on shares of Paramount Class A Common Stock and Paramount Class B Common Stock outstanding on June 30, 2025, and the related par value.

Each share of Paramount Class A Common Stock converted to one share of Class A Common Stock in the Pre-Closing Paramount Merger		40.7
Each share of Paramount Class B Common Stock converted to one share of Class B Common Stock in the Pre-Closing Paramount Merger		633.5
Issuance to the PIPE Equity Investors of Class B common stock in exchange for proceeds from the PIPE Transaction	400.0	
Cancellation of cash-settled Class A Common Stock in the New Paramount Merger	(7.2)	
Cancellation of cash-settled Class B Common Stock in the New Paramount Merger	(285.9)	
Conversion of each share of stock-settled Class A Common Stock to 1.5333 shares of Class B Common Stock in the New Paramount Merger	1.1	
Issuance of Class B Common Stock to holders of Skydance Membership Units and Skydance Phantom Units in the Skydance Merger	313.8	
Total share issuance, net of cancellations		421.8 (5j)
Total shares of Paramount Skydance Corporation common stock issued and outstanding after the Transactions		1,096.0
Par value of Paramount Skydance Corporation common stock issued after the Transactions (1,096.0 shares at $0.001 per share)		$ 1
Par value of Paramount common stock issued prior to the Transactions		1
Pro forma adjustment to Common stock		$ — (5a)

(5a) Assuming the Transactions closed on June 30, 2025, the par value of the issued Paramount common stock immediately prior to the Transactions would have been $674,200 and immediately after the Transactions the par value of the issued Paramount Skydance Corporation common stock would have been $1,096,000. On a rounded basis, the par value of Paramount Skydance Corporation common stock is unchanged as a result of the Transactions, and therefore no pro forma adjustment was required to "Common stock" on the unaudited Pro Forma Condensed Combined Balance Sheet.

(Tabular dollars in millions, except per share amounts)

The following pro forma adjustments have been recorded to "Additional paid-in-capital" on the unaudited Pro Forma Condensed Combined Balance Sheet to reflect the impacts described above:

Cancellation of Paramount Treasury stock in the Pre-Closing Paramount Merger	$	(22,958)	(5b)
Issuance of (i) shares of Class B Common Stock to the PIPE Equity Investors and (ii) warrants to purchase Class B Common Stock in the case of the NAI Equity Investors, each in exchange for proceeds from the PIPE Transaction		1,517	(5c)
Adjust Paramount net assets to the new Ultimate Parent's estimated cost basis as a result of the NAI Transaction		(6,651)	(5d)
Reversal of Paramount historical equity as a result of the NAI Transaction		6,132	(5e)
Issuance of Class B Common Stock to holders of Skydance Membership Units in Skydance Merger in excess of existing equity value		2,007	(5f)
Difference between fair value of shares issued to holders of Skydance Membership Units in Skydance Merger and net assets of Skydance received		(2,007)	(5g)
Reclassification of Skydance Media members' equity to Additional paid-in-capital		1,428	(5h)
Issuance of Class B Common Stock to holders of Skydance Phantom Units in Skydance Merger		19	(5i)
Total pro forma adjustments to Additional paid-in-capital	$	(20,513)	

(5b) As of June 30, 2025, 503 million shares of Paramount Class B Common Stock were held in treasury. Each share of Paramount Class A and Class B Common Stock held as treasury stock or held directly by Paramount was cancelled prior to the automatic conversion of shares of Paramount Class A Common Stock and Paramount Class B Common Stock into the right to receive shares of Class A Common Stock and Class B Common Stock.

(5c) The increase of $1,517 million to "Cash and cash equivalents" and "Additional paid-in-capital" on the unaudited Pro Forma Condensed Combined Balance Sheet reflects the net impact of the $6.0 billion cash proceeds received from the PIPE Equity Investors in the PIPE Transaction less approximately $4.5 billion to fund stockholder elections to receive the Class A Cash Consideration and Class B Cash Consideration. The net proceeds received in the PIPE Transaction were reduced by a subscription discount of $29 million on the amount of primary gross proceeds.

(5d) As discussed in Note 3, the NAI Transaction resulted in a change in control of Paramount that establishes a new accounting basis, which reflects the fair value of Paramount as indicated by the NAI Transaction, the New Paramount Merger and the PIPE Transaction. The adjustment of $6,651 million offset by the adjustment of $1,517 million for the issuance of shares and warrants in the PIPE Transaction described in (5c) above reduces Paramount's equity from $16,705 million to the Ultimate Parent's estimated basis of $11,571 million.

(5e) As the NAI Transaction established a new basis for the net assets of Paramount, the unaudited Pro Forma Condensed Combined Balance Sheet reflects an adjustment to "Additional paid-in-capital" of $6,132 million to reverse Paramount's historical equity accounts. This offsets the adjustment of $7,551 million to "Retained earnings (accumulated deficit)" to reverse Paramount's historical retained earnings, and adjustments to "Accumulated other comprehensive loss" totaling $1,419 million, comprised of $926 million to reverse the accumulated net actuarial losses related to Paramount's pension and other postretirement benefit plans and $493 million to reverse cumulative translation adjustments as of June 30, 2025. The pro forma adjustments to "Other items, net" of $68 million and $139 million reflect the reversal of the amortization of net actuarial losses for the six months ended June 30, 2025 and year ended December 31, 2024, respectively.

(5f) Reflects $3,435 million for the issuance of approximately 311.1 million shares of Class B Common Stock to holders of Skydance Membership Units (including the Ellison family and all other holders) at $11.04 per share which was the closing stock price of Paramount Class B Common Stock on August 6, 2025, as consideration in the Skydance Merger, offset by the existing equity value of Skydance of $1,428 million. After the Skydance Merger there were no outstanding Skydance Membership Units other than those held by the Company in the surviving Skydance Entity. Based on the par value of Class B Common Stock of $.001 per share, on a rounded basis the exchange did not result in an adjustment to "Common stock" on the unaudited Pro Forma Condensed Combined Balance Sheet.

(5g) Reflects the impact resulting from the difference between the fair value of shares issued as consideration in the Skydance Merger to the Ellison family and all other holders of Skydance Membership Units and the net assets received, which are recorded at the historical basis of Skydance, and not the fair value of Paramount Class B Common Stock, as the net assets of Skydance and its noncontrolling interests already reflect the Ultimate Parent's basis.

(5h) Reclassification of $1,428 million from "Skydance Media members' equity" to "Additional paid-in-capital" to reflect the exchange of Skydance Membership Units for shares of Class B Common Stock.

(5i) Reflects the issuance of approximately 5.6 million shares of Class B Common Stock to holders of Skydance Phantom Units (approximately 2.7 million shares after reduction in connection with certain tax withholding requirements). The issuance of these shares resulted in a net increase of $19 million to "Additional paid-in-capital" on the unaudited Pro Forma Condensed Combined Balance Sheet, which reflects the $62 million fair value of the Skydance Phantom Units when they became probable of vesting immediately prior to the Skydance Merger partially offset by a reduction of $43 million for withholding taxes remitted by the Company on behalf of the Skydance Phantom Unit holders. These adjustments to "Additional paid-in-capital" are offset by corresponding pro forma adjustments of $62 million to "Retained earnings (accumulated deficit)" for Skydance's recognition of expense for the Skydance Phantom Units in its historical financial statements immediately prior to the Skydance Merger and $43 million to reduce "Cash and cash equivalents" for the withholding tax payment made in connection with the Skydance Merger. After the Skydance Merger there were no outstanding Skydance Phantom Units.

(5j) The weighted average number of common shares outstanding for the six months ended June 30, 2025 and year ended December 31, 2024 have each been adjusted to include 421.8 million shares to reflect the share issuances net of cancellations discussed above. All Paramount Options and Paramount RSU Awards were excluded from the calculation of historical and pro forma diluted net loss per common share ("EPS") for the year ended December 31, 2024 because their inclusion would have been antidilutive since a net loss was reported in the period. Paramount Options and Paramount RSU Awards totaling approximately 5 million were excluded from the calculation of historical diluted EPS for the six months ended June 30, 2025 because their inclusion would have been antidilutive in the period. The dilutive impact of Paramount Options and Paramount RSU Awards totaling approximately 6 million were excluded from the calculation of pro forma diluted EPS for the six months ended June 30, 2025 because their inclusion would have been antidilutive since there is a pro forma net loss for the period. Also excluded from the calculation of diluted EPS in each period were the 200 million warrants issued in the PIPE Transaction because their inclusion also would have been anti-dilutive in the period.

In addition, the impact of the assumed conversion of Paramount's 5.75% Series A Mandatory Convertible Preferred Stock to shares of common stock in periods prior to its conversion on April 1, 2024 is excluded in the calculation of diluted EPS for the year ended December 31, 2024 since it would have been antidilutive. As a result, in the calculation of diluted EPS for the year ended December 31, 2024, the weighted average number of diluted shares outstanding does not include the assumed issuance of shares upon conversion of preferred stock, and preferred stock dividends recorded during the period of $14 million are deducted from net loss from continuing operations.

6) OTHER TRANSACTION ACCOUNTING ADJUSTMENTS

Transaction-Related Items

Transaction-related costs of $24 million and $35 million were incurred by Paramount and Skydance, respectively, during the six months ended June 30, 2025 and are recorded within "Restructuring and transaction-related items" in the Paramount and Skydance "Historical" columns on the unaudited Pro Forma Condensed Combined Statement of Operations. Transaction-related costs of $62 million were incurred by each of Paramount and Skydance during the year ended December 31, 2024 and are recorded within "Restructuring, transaction-related items and other corporate matters" in the Paramount and Skydance "Historical" columns on the unaudited Pro Forma Condensed Combined Statement of Operations. Additionally, the historical Skydance financial statements for the year ended December 31, 2024 include $17 million of commitment fees recognized within “Interest expense, net” in connection with secured backstop financing obtained by Skydance concurrent with the signing of the Transaction Agreement, which remained in effect until Paramount’s credit facility and standby letter of credit facility were amended on August 1, 2024 to revise the change of control provision such that the ownership structure of Paramount after giving effect to the Transactions and the NAI Transaction would not be an event of default that would give the lenders the right to accelerate any outstanding loans and terminate their commitments.

(Tabular dollars in millions, except per share amounts)

The unaudited pro forma condensed combined financial statements include adjustments for transaction-related costs incurred by Paramount from July 1, 2025 through the Closing Date, as well as transaction-related costs incurred by Skydance during this period for the benefit of the combined company. These costs and the corresponding adjustments to “Accrued expenses” on the unaudited Pro Forma Condensed Combined Balance Sheet and "Restructuring, transaction-related items, and other corporate matters" on the unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2024 are described in the table below.

	Accrued Expenses	Restructuring, Transaction-Related Items, and Other Corporate Matters
Transaction-related costs	$ 141 (6a)	$ 141 (6a)
Transaction-related bonuses	75 (6b)	75 (6b)
Stock-based compensation expense	—	1 (6c)
Total adjustment	$ 216 (6d)	$ 217

(6a) Comprised of $138 million incurred by Paramount and $3 million incurred by Skydance, consisting mainly of banking, legal, advisory and other professional fees.

(6b) Reflects $39 million and $36 million of cash-based transaction awards that became payable to employees of Skydance, including $25 million payable to David Ellison, and Paramount, respectively, upon completion of the Transactions.

(6c) At the Pre-Closing Paramount Merger Effective Time, each outstanding Paramount PSU Award was assumed by Paramount Skydance Corporation and converted into an award of restricted stock units covering an equivalent number of shares of Class B Common Stock with performance-based vesting conditions for performance periods not completed prior to the Pre-Closing Paramount Merger Effective Time deemed satisfied at target level. The incremental value associated with the modification of these awards, based on the difference between the fair value of the awards immediately prior to the modification and the fair value of the awards immediately after the modification (which occurred upon communication of the modified award terms on July 11, 2024 and reflects the closing stock price of $11.73 per share on that date) is approximately $2 million, of which $1 million is attributable to employees’ service prior to the closing of the Transactions and has been reflected as an adjustment to “Restructuring, transaction-related items, and other corporate matters” on the unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2024.

(6d) The reduction of $182 million to "Retained earnings (accumulated deficit)" on the unaudited Pro Forma Condensed Combined Balance Sheet reflects the impact from the transaction-related costs adjustment to “Accrued expenses” presented in the table above, which total $216 million, net of the related tax benefit, where applicable, of $34 million (see Note 7), calculated as follows:

(Tabular dollars in millions, except per share amounts)

	At June 30, 2025
	Transaction Accounting Adjustments
Transaction-related costs	$ 216
Less: Tax benefit	34
Impact on Retained earnings (accumulated deficit)	$ 182

Long-Term Debt

(6e) In connection with the closing of the Transactions, borrowings outstanding under Skydance's revolving credit facility were repaid in full. The repayment is reflected as decreases in the following accounts:

Balance Sheet Adjustments

	At June 30, 2025
	Transaction Accounting Adjustments
Cash and cash equivalents	$(720)
Long-term debt	$(720)

Statements of Operations Adjustments

	Six Months Ended June 30, 2025	Year Ended December 31, 2024
	Transaction Accounting Adjustments	Transaction Accounting Adjustments
Interest expense, net	$ 5	$ 9

Advances from Related Party

(6f) In connection with the closing of the Transactions, advances received by Skydance from a Skydance shareholder for the purpose of providing cash for the payment of certain transaction costs were repaid in full. The repayment is reflected as decreases in the following accounts on the unaudited Pro Forma Condensed Combined Balance Sheet:

	At June 30, 2025
	Transaction Accounting Adjustments
Cash and cash equivalents	$(45)
Advances from related party	$(45)

7) INCOME TAXES

Skydance was treated as a partnership for U.S. federal income tax purposes and, as such, was generally not subject to U.S. federal entity-level income taxes. Rather, taxable income or loss of Skydance was included in the U.S. federal income tax returns of Skydance’s members. After the consummation of the Transactions, Paramount Skydance Corporation and certain subsidiaries are subject to U.S. federal, state and local income taxes with respect to taxable income of Skydance at the prevailing corporate tax rates. The tables below reflect the impacts on the unaudited pro forma condensed combined financial statements from the inclusion of Skydance in Paramount Skydance Corporation’s calculation of income taxes and the tax impacts of the pro forma adjustments described in Note 3 to reflect Paramount’s assets, liabilities and noncontrolling interests at the Ultimate Parent's basis and the transaction-related costs described in Note 6.

(Tabular dollars in millions, except per share amounts)

Balance Sheet Adjustments

	At June 30, 2025	
	Transaction Accounting Adjustments	Adjustments to Paramount's Basis
Prepaid expenses and other current assets	$ 4 (7a)	n/a
Deferred income tax assets, net	$ 113 (7a)	$ (270) (7b)
Other current liabilities	$ (21) (7a)	n/a
Deferred income tax liabilities, net	n/a	$ 343 (7c)
Retained earnings (accumulated deficit)	$ 104 (7f)	n/a

n/a - not applicable

Statements of Operations Adjustments

	Six Months Ended June 30, 2025		Year Ended December 31, 2024	
	Transaction Accounting Adjustments	Adjustments to Paramount's Basis	Transaction Accounting Adjustments	Adjustments to Paramount's Basis
Benefit from (provision for) income taxes	$ 40 (7d)	$ 96 (7e)	$ 140 (7d)	$ 192 (7e)

(7a) The Transaction accounting adjustment to "Deferred income tax assets, net" as of June 30, 2025 reflects an increase of $104 million to establish deferred income taxes for Skydance and an increase of $9 million for the tax-deductible portion of the transaction-related costs discussed in Note 6. The tax-deductible portion of the transaction-related costs also resulted in an increase to "Prepaid expenses and other current assets" of $4 million and a decrease to "Other current liabilities" of $21 million, reflecting the impacts on prepaid income taxes and income taxes payable, respectively.

(7b) The adjustment to "Deferred income tax assets, net" as of June 30, 2025 relating to the adjustments to Paramount's basis includes a reduction due to the reclassification of the deferred tax asset of $395 million discussed in note (7c) below, offset by an increase of $125 million for the reversal of Paramount's valuation allowance on a deferred tax asset that is expected to be realized because of the increase in the deferred tax liabilities caused by the pro forma adjustments to Paramount's basis.

(7c) The adjustment to "Deferred income tax liabilities, net" relating to the adjustments to Paramount's basis includes an increase of $738 million for the deferred income tax impact of the pro forma adjustments described in Note 3 to reflect Paramount's assets, liabilities and noncontrolling interests at the Ultimate Parent's basis, and includes a decrease of $395 million due to the reclassification of the deferred tax asset from "Deferred income tax assets, net."

(7d) The Transaction accounting adjustments to "Benefit from (provision for) income taxes" for the six months ended June 30, 2025 and year ended December 31, 2024 reflect a decrease to the tax provision of $40 million and an increase to the tax benefit of $106 million, respectively, related to the inclusion of Skydance in Paramount Skydance Corporation's calculation of income taxes. Also included in the adjustment to "Benefit from (provision for) income taxes" for the year ended December 31, 2024 is a tax benefit of $34 million related to the transaction-related costs described in Note 6.

(7e) The adjustments to "Benefit from (provision for) income taxes" for the six months ended June 30, 2025 and year ended December 31, 2024 reflect a decrease to the tax provision of $96 million and an increase to the tax benefit of $192 million, respectively, for the tax impacts of the pro forma adjustments to Paramount's basis as if the Transactions and the NAI Transaction occurred on January 1, 2024.

(7f) The adjustment to “Retained earnings (accumulated deficit)” reflects the offsetting impact to the increase in “Deferred income tax assets, net” to establish the deferred income taxes for Skydance discussed in (7a) above.

The pro forma adjustments to “Deferred income tax assets, net” and “Deferred income tax liabilities, net” are based on the estimated deferred tax rates of the combined company. The actual deferred tax liabilities may differ materially based on changes resulting from finalizing the deferred tax rates for the combined company and finalizing the fair value adjustments for Paramount's assets, liabilities and noncontrolling interests that are not reasonably estimable for the purposes of the unaudited pro forma condensed combined financial statements.
All other income tax estimates and the related tax rates may also differ materially in periods subsequent to the consummation of the Transactions.

SKYDANCE MEDIA, LLC
SUPPLEMENTAL NON-GAAP DISCLOSURE
(Unaudited; in thousands)

The table below sets forth Adjusted EBITDA for Skydance Media, LLC ("Skydance") and a reconciliation to net loss, the most directly comparable financial measure in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP" or "GAAP"). Adjusted EBITDA is a measure of performance not calculated in accordance with U.S. GAAP. Skydance defines Adjusted EBITDA as net income (loss), excluding amortization of capitalized interest, interest expense, statutory tax, depreciation and amortization and certain other items that management does not consider indicative of Skydance's ongoing operating performance, including unit-based compensation expense, net income (loss) from noncontrolling interest and transaction costs.

Management believes Adjusted EBITDA is relevant and useful for investors because it allows investors to view Skydance's performance in a manner consistent with the method used by management; and because it excludes items that are not representative of Skydance's normal, recurring operations, it provides a clearer perspective on underlying performance, and makes it easier for investors, analysts and peers to compare Skydance's operating performance to other companies in the industry and to compare its results across reporting periods.

Adjusted EBITDA should be considered in addition to, and not as a substitute for, Skydance's results as reported under U.S. GAAP, including net income (loss), as a measure of performance and undue reliance should not be placed on Adjusted EBITDA. Other companies may define Adjusted EBITDA differently and, as a result, Skydance's measure of Adjusted EBITDA may not be directly comparable to Adjusted EBITDA of other companies.

	Six Months Ended June 30,		Year Ended December 31,	
	2025	2024	2024	2023
Net loss (GAAP)	$ (116,544)	$ (43,468)	$ (31,301)	$ (56,024)
Depreciation and amortization [(a)]	502	485	957	536
Statutory tax [(b)]	69	136	162	219
Interest expense (income), net [(c)]	1,824	(1,840)	14,648	3,609
Amortization of capitalized interest [(d)]	35,197	228	34,025	36,259
Unit-based compensation expense	—	4,630	4,630	37,547
Net (income) loss attributable to noncontrolling interest	1,476	1,149	(5,191)	2,186
Equity in loss of investee companies	175	—	1,443	—
Transaction costs [(e)]	35,148	40,222	61,648	1,406
Adjusted EBITDA (Non-GAAP)	$ (42,153)	$ 1,542	$ 81,021	$ 25,738

(a) Represents depreciation of property and equipment, excluding depreciation relating to Skydance's animation studio.

(b) Represents entity-level statutory filing taxes imposed on Skydance by certain states where it conducts business.

(c) Consists of interest on Skydance's credit facility and other interest-bearing obligations, net of interest earned on cash balances held in interest-bearing accounts. The year ended December 31, 2024 includes certain loan fees accrued relating to the Transactions (as defined below).

(d) Represents amortization of interest on financing attributable to content production. Skydance capitalizes this interest as film costs and television costs on its balance sheet and amortizes such costs on individual motion pictures or television productions in the ratio that the current period's revenues bear to ultimate revenues calculated using estimates of total remaining ultimate revenues.

(e) Represents transaction costs relating to the Transactions (as defined below) for the six months ended June 30, 2025 and 2024 and for the year ended December 31, 2024, principally comprised of legal, consulting and accounting fees. The year ended December 31, 2023 includes costs relating to the formation of the Skydance Sports joint venture. On August 7, 2025, Paramount Global and Skydance became subsidiaries of a new holding company, Paramount Skydance Corporation, pursuant to a transaction agreement entered into on July 7, 2024 (the "Transactions").