

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2024

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-39245



**SPHERE ENTERTAINMENT CO.**

(Exact name of registrant as specified in its charter)

Delaware

84-3755666

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

Two Penn Plaza, New York, NY

10121

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (725) 258-0001

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class  | Trading Symbol(s) | Name of each exchange on which registered |
|----------------------|-------------------|-------------------------------------------|
| Class A Common Stock | SPHR              | New York Stock Exchange                   |

Securities registered pursuant to section 12(g) of the Act: None.

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark whether each Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Non-accelerated filer ☐

Accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of Sphere Entertainment Co. computed by reference to the price at which the common equity was last sold on the New York Stock Exchange as of December 31, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$920 million.

Number of shares of common stock outstanding as of July 31, 2024:

Class A Common Stock par value \$0.01 per share — 28,493,369

Class B Common Stock par value \$0.01 per share — 6,866,754

Documents incorporated by reference — Certain information required for Part III of this report is incorporated herein by reference to the proxy statement for the 2024 annual meeting of the Company's stockholders, expected to be filed within 120 days after the end of our fiscal year.

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## PART I

### Item 1. Business

Sphere Entertainment Co. is a Delaware corporation with its principal executive office at Two Pennsylvania Plaza, New York, NY, 10121. Unless the context otherwise requires, all references to “we,” “us,” “our,” “Sphere Entertainment” or the “Company” refer collectively to Sphere Entertainment Co., a holding company, and its direct and indirect subsidiaries. We conduct substantially all of our business activities discussed in this Annual Report on Form 10-K (this “Form 10-K”) through Sphere Entertainment Group, LLC (“Sphere Entertainment Group”) and MSG Networks Inc. (together with its subsidiaries, “MSG Networks”), and each of their direct and indirect subsidiaries.

The Company (formerly Madison Square Garden Entertainment Corp.) was incorporated on November 21, 2019 as a direct, wholly-owned subsidiary of Madison Square Garden Sports Corp. (“MSG Sports”). On April 17, 2020 (the “2020 Entertainment Distribution Date”), MSG Sports distributed all outstanding common stock of the Company to MSG Sports’ stockholders (the “2020 Entertainment Distribution”). On July 9, 2021, MSG Networks Inc. merged with a subsidiary of the Company and became a wholly-owned subsidiary of Sphere Entertainment (the “Networks Merger”).

On April 20, 2023 (the “MSG Distribution Date”), the Company distributed approximately 67% of the outstanding common stock of Madison Square Garden Entertainment Corp. (formerly MSGE Spingo, Inc., and referred to herein as “MSG Entertainment”) to its stockholders (the “MSG Distribution”), with the Company retaining approximately 33% of the outstanding common stock of MSG Entertainment (in the form of MSG Entertainment Class A common stock) immediately following the MSG Distribution (the “MSG Retained Interest”). Following the MSG Distribution Date, the Company retained the Sphere and MSG Networks businesses and MSG Entertainment now owns the traditional live entertainment business previously owned and operated by the Company through its Entertainment business segment, excluding the Sphere business. In the MSG Distribution, stockholders of the Company received (a) one share of MSG Entertainment’s Class A common stock, par value \$0.01 per share, for every share of the Company’s Class A common stock, par value \$0.01 per share (“Class A Common Stock”), held of record as of the close of business, New York City time, on April 14, 2023 (the “Record Date”), and (b) one share of MSG Entertainment’s Class B common stock, par value \$0.01 per share, for every share of the Company’s Class B common stock, par value \$0.01 per share (“Class B Common Stock”), held of record as of the close of business, New York City time, on the Record Date. Following the sales of portions of the MSG Retained Interest and the repayment of the delayed draw term loan with MSG Entertainment using a portion of the MSG Retained Interest, the Company no longer holds any of the outstanding common stock of MSG Entertainment.

On May 3, 2023, the Company completed the sale of its 66.9% majority interest in TAO Group Sub-Holdings LLC (“Tao Group Hospitality”) to a subsidiary of Mohari Hospitality Limited, a global investment company focused on the luxury lifestyle and hospitality sectors (the “Tao Group Hospitality Disposition”).

The Company has historically reported on a fiscal year basis ending on June 30th. In this Form 10-K, the fiscal years ended on June 30, 2024, 2023 and 2022 are referred to as “Fiscal Year 2024,” “Fiscal Year 2023” and “Fiscal Year 2022”, respectively. On June 26, 2024, the Board of Directors approved a change in the Company’s fiscal year-end from June 30 to December 31, effective December 31, 2024. The Company plans to report its financial results for the six-month transition period of July 1, 2024 through December 31, 2024 on an Annual Report on Form 10-K/T and to thereafter file reports for the twelve-month period ending December 31 of each year, beginning with the twelve-month period ending December 31, 2025. Prior to filing the transition report, the Company will file its Quarterly Report on Form 10-Q for the quarter ending September 30, 2024.

### Overview

The Company is a premier live entertainment and media company comprised of two reportable segments, Sphere and MSG Networks. Sphere is a next-generation entertainment medium, and MSG Networks operates two regional sports and entertainment networks, as well as a direct-to-consumer (“DTC”) and authenticated streaming product.

*Sphere:* This segment reflects Sphere™, a next-generation entertainment medium powered by cutting-edge technologies to create multi-sensory experiences at an unparalleled scale. The Company’s first Sphere opened in Las Vegas on September 29, 2023. The venue can accommodate up to 20,000 guests and can host a wide variety of events year-round, including The Sphere Experience™, which features original immersive productions, as well as concerts and residencies from renowned artists, and marquee sports and corporate events. Production efforts are supported by Sphere Studios™, an immersive content studio dedicated to creating multi-sensory experiences exclusively for Sphere. Sphere Studios, is home to a team of creative, production, technology and software experts who provide full in-house creative and production services. The studio campus in Burbank includes a 68,000-square-foot development facility, as well as Big Dome, a 28,000-square-foot, 100-foot high custom dome, with a quarter-sized version of the screen at Sphere in Las Vegas, that serves as a specialized screening, production facility, and lab for content at Sphere. The entire exterior surface of Sphere, referred to as the Exosphere™, is covered with nearly 580,000 square feet of fully programmable LED paneling, creating the largest LED screen in the world and an impactful display for artists, brands and partners.

*MSG Networks:* This segment is comprised of the Company’s regional sports and entertainment networks, MSG Network and MSG Sportsnet, as well as its DTC streaming product, MSG+. MSG Networks serves the New York Designated Market Area, as well as other portions of New York, New Jersey, Connecticut and Pennsylvania and features a wide range of sports content, including exclusive live local games and other programming of the New York Knicks (the “Knicks”) of the National Basketball Association (the “NBA”) and the New York Rangers (the “Rangers”), New York Islanders (the “Islanders”), New Jersey Devils (the “Devils”) and Buffalo Sabres (the “Sabres”) of the National Hockey League (the “NHL”), as well as significant coverage of the New York Giants (the “Giants”) and the Buffalo Bills (the “Bills”) of the National Football League (the “NFL”).

## **Our Strengths**

- Strong position in live entertainment and media through:
  - A next-generation entertainment medium powered by cutting-edge technologies; and
  - Two award-winning regional sports and entertainment networks as well as a DTC and authenticated streaming service.
- Presence in both Las Vegas, a market which attracts more than 40 million visitors each year and has over 2 million local residents, and the New York Designated Market Area – the nation’s largest media market;
- Deep industry relationships across music, entertainment, corporate, and sports that drive events to Sphere;
- Focus on world-class guest experience, backed by decades of experience in venue management;
- In-house interdisciplinary team of creative, production, technology and software experts who provide full creative and production services, including strategy and concept, capture, post-production and show production;
- Established history of successfully planning and executing comprehensive venue design and construction projects;
- Portfolio of patents and other intellectual property spanning across Sphere design and construction, audio delivery, cinematic video display systems, and in-venue technologies;
- Exclusive local media rights to live games of five professional New York-area NBA and NHL teams, including long-term agreements with the Knicks and Rangers; and
- A strong and seasoned management team.

## **Our Strategy**

Our strategy is to leverage our Company’s unique assets and brands – which includes a next-generation entertainment medium, Sphere, and regional sports and entertainment networks – to create world-class experiences for all key stakeholders, including performers, athletes, content creators, guests, viewers, advertisers and marketing partners. Coupled with our continued commitment to innovation, we believe the Company is positioned to generate long-term value for our stockholders.

Key components of our strategy include:

*A Next-Generation Entertainment Medium:* Sphere combines cutting-edge technologies with multi-sensory storytelling to deliver immersive experiences at an unparalleled scale. Sphere represents an innovative business model for entertainment venues, with new and expanded revenue opportunities that span across original immersive productions, concerts and residencies, marquee sports and corporate events, advertising and sponsorship, and premium hospitality, as well as food, beverage and merchandise.

The Company’s first Sphere opened in September 2023, and is conveniently located one block from the Las Vegas Strip.

Sphere in Las Vegas is the world’s largest spherical structure standing at 366 feet tall and 516 feet wide, with a fully-programmable LED exterior – the Exosphere – that we believe offers a powerful global platform for advertisers and marketing partners, as well as artistic content. Inside, the venue’s public-facing interior spaces include the Atrium, food and beverage locations, expo spaces, 23 premium hospitality suites, and more.

Once inside Sphere's main venue bowl, guests can experience the full range of the venue's cutting-edge technologies, including:

- A 16K x 16K LED screen – a 160,000-square foot high-resolution interior display plane that surrounds the audience, creating a fully immersive visual environment.
- Sphere Immersive Sound™, powered by HOLOPLOT – an advanced audio system that delivers crystal-clear, concert-grade sound to every seat in Sphere through beamforming and wave field synthesis technology.
- 4D multi-sensory technologies – which enable guests to feel experiences such as vibrations, wind, scent and changing temperatures to enhance storytelling.

*Leveraging Sphere's Unique Capabilities to Drive Venue Utilization:* Sphere in Las Vegas was designed and engineered from the ground up to be one of the most highly utilized venues of its size. The venue's technologies and design are intended to enable it to seamlessly accommodate a variety of different event types, with fast turnover between events, and accommodate multiple events per-day, year-round. We believe this allows for Sphere to be more efficiently utilized than traditional large-scale venues.

*Developing Original Content:* Sphere Studios is dedicated to the development of immersive entertainment exclusively for Sphere. Sphere Studios features technology and proprietary tools developed specifically for Sphere that make content creation for this platform a seamless experience. Sphere Studios is home to an interdisciplinary team of creative, production, technology and software experts who provide full in-house creative and production services, including strategy and concept, capture, post-production and show production, and Exosphere content creation. The Company is developing its own content ranging from original immersive productions, purpose-built for Sphere, to the establishment of a dynamic library of content that can be used by artists or third parties who want to bring their experiences to life – whether for concerts, residencies or corporate events.

Original content that the Company owns is a key aspect of our business model as it allows for the Company's economic participation as both venue operator and content owner. It also allows the Company to better control event scheduling and reduces the reliance on third-party events. In addition, the Company plans to expand its network of Sphere venues around the world over time, which would create additional monetization opportunities for the Company's original content.

- *The Sphere Experience.* A core content category at Sphere in Las Vegas is The Sphere Experience, which takes full advantage of Sphere's experiential, next-generation technologies. The Sphere Experience can run multiple times a day, year-round and begins when guests enter the venue's Atrium, where they can engage with the latest in technological advancements through a variety of immersive experiences.
- The experience then continues to the main venue bowl to view an original immersive production. The current production is *Postcard from Earth*, directed by Academy Award nominee, Darren Aronofsky. This original cinematic experience has earned critical acclaim for its captivating visuals and use of the venue's next-generation, immersive technologies, and brings audiences on a voyage spanning all seven continents.

*Venue of Choice for Third-Party Events.* Sphere in Las Vegas has hosted a wide variety of events, including concerts and residencies from renowned artists, marquee sporting events including Formula 1, and the 2024 NHL Draft, as well as corporate and other events. On September 29, 2023, global rock band U2 opened the venue with the start of its multi-month run at Sphere, and after several extensions, played a total of 40 sold-out shows. Since then, several other bands have played or announced residencies and performances at Sphere in Las Vegas, including Phish, Dead & Company, Eagles, and electronic dance music ("EDM") artist Anyma. In addition, the Company entered into a multi-year agreement with Formula 1 for a full multi-day takeover of Sphere, which started with its inaugural Las Vegas Grand Prix in November 2023. In June 2024, Sphere hosted Hewlett Packard Enterprise for the venue's first corporate keynote event, which showcased how Sphere's technology and offerings provide a compelling platform to educate and demonstrate. The Company also announced that Ultimate Fighting Championship® ("UFC") will host the first mixed martial arts ("MMA") event at Sphere in September 2024. The Company plans to continue to leverage Sphere's unique platform, as well as the Company's deep relationships across music, entertainment, corporate and sports, to attract additional events to Sphere in Las Vegas.

*Unique Platform for Advertising and Sponsorship:* We believe Sphere's unique platform and technological capabilities offer powerful and premium opportunities for advertisers and marketing partners to engage with audiences. Sphere in Las Vegas can deliver significant exposure to not only the guests that attend events at the venue, but also to the more than 40 million annual visitors to and over 2 million local residents of Las Vegas, and around the world on social media. Sphere offers bespoke advertising and sponsorship opportunities, including externally with the Exosphere and internally with immersive galleries, interactive installations, the Atrium, and premium hospitality spaces. Sphere has already run numerous unique advertising and marketing campaigns for a variety of companies, demonstrating the appeal of Sphere's unique and valuable inventory that is not available in traditional large-scale entertainment venues.

- *The Exosphere* – The exterior of Sphere in Las Vegas, the Exosphere – the world’s largest LED screen – is covered in 580,000 square feet of fully programmable LED paneling, consisting of approximately 1.2 million LED pucks, spaced eight inches apart. Each puck contains 48 individual LED diodes, with each diode capable of displaying more than 1 billion different colors. With the Exosphere, we have created an impactful digital canvas for brands, events, and advertising and marketing partners to showcase content to audiences around the world. Sphere Studios collaborates with global brands and third-party creators on their Exosphere creatives. Advertisements on the Exosphere captivates audiences both in Las Vegas and around the world through social media, and since launch the Company has displayed numerous advertising campaigns with some of the most globally recognized brands.

*Pursuing a Global Network and Brand.* We believe there are other markets — both domestic and international — where Sphere can be successful. The design of Sphere can accommodate a wide range of sizes and capacities based on the needs of the individual market. Leveraging the Sphere brand and operating a network of Sphere venues would allow the Company to pursue a number of avenues for potential growth, including driving increased bookings and greater advertising and sponsorship opportunities. Furthermore, the Company would have the opportunity to leverage its in-house expertise – including across venue management, design and construction, operations and technology – to drive new revenue streams. An increasing number of Sphere venues would also create additional monetization opportunities for the Company’s original content library, including *Postcard from Earth*. As we explore selectively extending Sphere’s network beyond Las Vegas to other markets around the world, we intend to utilize several options such as joint ventures, equity partners, a managed venue model, and non-recourse debt financing.

*A Continued Commitment to Innovation in Media.* For more than 50 years, MSG Networks has been at the forefront of the industry, pushing the boundaries of regional sports coverage. We continually seek to enhance the value that our networks provide to viewers, advertisers, and distributors by utilizing state-of-the-art technology to deliver high-quality, best-in-class content and live viewing experiences. In June 2023, MSG Networks introduced MSG+, a DTC streaming product (replacing MSG GO), which allows subscribers to access MSG Network and MSG Sportsnet as well as on demand content on smartphones, tablets, computers and other devices. MSG+ is available on a free, authenticated basis to subscribers of participating Distributors (including all of MSG Networks’ major Distributors), as well as for purchase on a DTC basis. In addition to monthly and annual DTC subscription options, MSG+ also offers single game purchases of MSG Networks’ NBA and NHL teams.

In January 2024 MSG Networks and The YES Network (“YES”) announced the formation of Gotham Advanced Media and Entertainment, LLC (“GAME”), a new 50/50 joint venture to capitalize on technical and operational synergies associated with YES’ and MSG Networks’ streaming services. GAME combines the streaming expertise of two of the largest regional sports networks in the country, and seeks to combine the collective insight, expertise and best-in-class technology not only to enhance MSG Networks’ and YES’ own streaming products, but also to offer other networks, teams and sports properties an efficient way to launch a state-of-the-art streaming service.

## **Our Business**

### **Sphere**

Sphere is a next-generation entertainment medium powered by cutting-edge technologies uniquely built for immersive entertainment experiences. The first Sphere venue opened in Las Vegas in September 2023. Key design features include:

- A 580,000 square foot, fully-programmable LED Exosphere – the world’s largest LED screen, which consists of approximately 1.2 million LED pucks, spaced eight inches apart. Each puck contains 48 individual LED diodes, with each diode capable of displaying more than 1 billion different colors.
- The main venue bowl featuring a 16K x 16K LED screen – a 160,000-square foot high-resolution interior display plane that surrounds the audience, creating a fully immersive visual environment.
- Sphere Immersive Sound, powered by HOLOPLOT – an advanced audio system that delivers crystal-clear, concert-grade sound to every seat in Sphere through beamforming and wave field synthesis technology.
- 4D multi-sensory technologies – which enable guests to feel experiences such as vibrations, wind, scent and changing temperatures to enhance storytelling.

These technologies come together to create a powerful platform, which we believe makes Sphere the venue of choice for a wide variety of content – including original immersive productions; concerts and residencies from the world’s biggest artists; and marquee sports and corporate events.

Sphere in Las Vegas is a 17,600-seat venue with capacity to hold up to 20,000 guests located on land adjacent to The Venetian Resort leased from Venetian Venue Propco, LLC (“The Venetian”). The ground lease has no fixed rent; however, if certain return objectives are achieved, The Venetian will receive 25% of the after-tax cash flow in excess of such objectives. The lease is for a term of 50 years.

Because of the transformative nature of Sphere, we believe there could be other markets — both domestic and international — where Sphere can be successful. The design of future Sphere venues will be flexible to accommodate a wide range of sizes and capacities — from large-scale to smaller and more intimate — based on the needs of any individual market.

As we explore selectively extending the Sphere network beyond Las Vegas to other markets around the world, the Company's intention is to utilize several options, such as joint ventures, equity partners, a managed venue model, and non-recourse debt financing.

In February 2018, we announced the purchase of land in Stratford, London. The Company submitted a planning application to build a Sphere venue on that land to the local planning authority in March 2019. On November 21, 2023, the Company announced that it was formally notified by the Mayor of London that its planning application for a Sphere venue in Stratford, London was not approved. In light of this decision, the Company no longer plans to allocate resources towards the development of a Sphere in London.

See "Part II — Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Sphere."

### ***Our Events***

*The Sphere Experience.* A core content category at Sphere in Las Vegas is The Sphere Experience, which takes full advantage of Sphere's experiential, next-generation technologies to transport audiences and engage the senses. The Sphere Experience can run multiple times a day, year-round and begins when guests enter the venue's Atrium, where they can engage with the latest in technological advancements through a variety of immersive experiences.

The experience then continues to the main venue bowl to view an original immersive production. The current production is *Postcard from Earth*, directed by Academy Award nominee, Darren Aronofsky. This original cinematic film has earned critical acclaim for its captivating visuals and use of the venue's next-generation, immersive technologies, and offers a unique perspective on the beauty of life on earth.

*Live Entertainment:* Our Company has deep industry relationships that can drive the world's biggest artists to Sphere in Las Vegas. Global rock band U2 opened Sphere in Las Vegas on September 29, 2023 and performed 40 shows through March 2024. After U2, Phish performed 4 shows and Dead & Company completed a 30 show residency at Sphere that concluded in August. Starting in September 2024, Eagles are scheduled to perform a multi-month residency at Sphere, and EDM artist Anyma has a multi-show performance planned for the end of December into early January.

*Marquee Sporting and Corporate Events:* Sphere has hosted a broad array of live events, including the Formula 1 Las Vegas Grand Prix, the 2024 NHL Draft, and bespoke corporate events. In September 2024, Sphere will host UFC for the first-ever MMA event at Sphere.

### ***Our Advertising, Sponsorship, and Premium Hospitality Partner Offerings***

We believe Sphere's unique platform and technological capabilities offer powerful and premium opportunities for advertisers and marketing partners to engage with audiences. Sphere in Las Vegas can deliver significant exposure not only to the guests that attend events at the venue and the more than 40 million annual visitors to Las Vegas, and the over 2 million local residents, but also around the world on social media. Sphere offers bespoke advertising and sponsorship opportunities, including externally with the Exosphere and internally with immersive galleries, interactive installations, the Atrium, and suites. We believe Sphere in Las Vegas offers advertising and marketing partners unique and valuable inventory that is not available in traditional large-scale entertainment venues.

Sphere also offers premium hospitality products that include 23 suites that are available for annual and multi-year license or single-event use, as well as additional hospitality spaces.

### ***MSG Networks***

MSG Networks is an industry leader in sports production, content development and distribution. It includes two award-winning regional sports and entertainment networks, MSG Network and MSG Sportsnet, as well as its DTC authenticated streaming product, MSG+.

Debuting as the first regional sports network in the country on October 15, 1969, MSG Networks has been a pioneer in regional sports programming for more than 50 years, setting a standard of excellence, creativity and technological innovation. Today, MSG Networks' exclusive, award-winning programming continues to be a valuable differentiator for viewers, advertisers and the cable, satellite, fiber-optic and other platforms ("Distributors") that distribute its networks. MSG Network and MSG Sportsnet are widely distributed throughout all of New York State and significant portions of New Jersey and Connecticut, as well as parts of Pennsylvania. MSG Network and MSG SportsNet are widely carried by major Distributors in our region, and also carried nationally by certain Distributors on sports tiers or in similar packages.

In June 2023, MSG Networks introduced MSG+, a DTC and authenticated streaming product (replacing MSG GO), which allows subscribers to access MSG Network and MSG Sportsnet and on demand content across devices. MSG+ is available on a free, authenticated basis to subscribers of participating Distributors (including all of MSG Networks' major Distributors), as well as for purchase by viewers on a DTC basis. In addition to monthly and annual DTC subscription options, MSG+ also offers single game purchases of MSG Networks' NBA and NHL teams.

MSG Network and MSG Sportsnet have an average combined reach of approximately 3.6 million viewing subscribers (as of the most recent available monthly information) in our Regional Territory, inclusive of annual and monthly subscribers to MSG+.

Throughout its history, MSG Networks has been at the forefront of the industry, pushing the boundaries of regional sports coverage. In the process, its networks have become a powerful platform for some of the world's greatest athletes and entertainers. MSG Networks' commitment to programming excellence has earned it a reputation for best-in-class programming, production, marketing, and technical innovation. It has won more New York Emmy Awards for live sports and original programming over the past 10 years than any other regional sports network in the region.

The foundation of MSG Networks' programming is its professional sports coverage. MSG Network and MSG Sportsnet feature a wide range of compelling sports content, including exclusive live local games and other programming of the Knicks, Rangers, Islanders, Devils and Sabres, as well as significant coverage of the NFL's Giants and Bills. MSG Networks also showcases a wide array of other sports and entertainment programming, which includes Westchester Knicks basketball, NY/NJ Gotham FC of the National Women's Soccer League, New York team of the Professional Women's Hockey League (PWHL), NCAA basketball, soccer, baseball, softball and other college sporting events, as well as horse racing, soccer, poker, tennis, pickleball, mixed martial arts and boxing programs.

MSG Network and MSG Sportsnet collectively air hundreds of live professional games each year, along with a comprehensive lineup of other sporting events and original programming designed to give fans behind-the-scenes access and insight into the teams and players they love. This content includes pre- and post-game coverage throughout the seasons, along with team-related programming that features coaches and players, all of which capitalizes on the enthusiasm for the teams featured on MSG Network and MSG Sportsnet.

MSG Networks is also positioned as one of the premium destinations for sports gaming content. MSG Networks produces original sports betting shows and segments featuring a mix of sports gaming experts and former New York athletes covering betting-related topics across the sports world, from NBA and NHL to NFL, Major League Baseball, tennis, golf, and mixed martial arts.

In January 2024 MSG Networks and YES announced they formed the formation of GAME, a new 50/50 joint venture aimed at capitalizing on technical and operational synergies associated with MSG Networks' and YES' streaming services. GAME combines the streaming expertise of two of the largest regional sports networks in the country, and seeks to combine the collective insight, expertise and best-in-class technology not only to enhance MSG Networks' and YES' streaming products, but also to offer other networks, teams and sports properties an efficient way to launch a state-of-the-art streaming service.

## **Intellectual Property**

We create, own and license intellectual property in the countries in which we operate, have operated or intend to operate, and it is our practice to protect our trademarks, brands, copyrights, inventions and other original and acquired works. We have filed applications for many, and have registered some, of our trademarks in the United States and certain other countries in which we operate or intend to operate. Additionally, we have filed and continue to file for patent protection in the countries where we operate or plan to operate, and we have been issued patents for key elements of Sphere. Our registrations and applications relate to trademarks and inventions associated with, among other of our brands, Sphere, The Sphere Experience, Exosphere, Sphere Studios, Sphere Immersive Sound and MSG Networks. We believe our ability to maintain and monetize our intellectual property rights, including the technology and content developed for Sphere, The Sphere Experience, MSG Networks (including our DTC and authenticated streaming product, MSG+), and our brand logos, are important to our business, our brand-building efforts and the marketing of our products and services. We cannot predict, however, whether steps taken by us to protect our proprietary rights will be adequate to allow for registration, prevent misappropriation of these rights or protect against vulnerability to oppositions or cancellation actions due to non-use. See “— Item 1A. Risk Factors — Risks Related to Cybersecurity and Intellectual Property — *We Have in the Past and May in the Future Become Subject to Infringement or Other Claims Relating to Our Content or Technology.*” and “— *Theft of Our Intellectual Property May Have a Material Negative Effect on Our Business and Results of Operations.*”

## **Other Investments**

Our Company explores investment opportunities that strengthen its existing position within the entertainment landscape and/or allow us to exploit our assets and core competencies for growth.

In Fiscal Year 2019, the Company acquired a 30% interest in SACO Technologies Inc. (“SACO”), a global provider of high-performance LED video lighting and media solutions. The Company utilized SACO as a preferred display technology provider for Sphere. In addition, the Company also has other investments in various entertainment and related technology companies, accounted for under the equity method.

In Fiscal Year 2018, the Company acquired a 25% interest in Holoplot GmbH (“Holoplot”), a global leader in 3D audio technology based in Berlin, Germany. The Company partnered with Holoplot to create the world's largest, fully integrated concert-grade audio system for Sphere in Las Vegas. In January 2023, the Company extended financing to Holoplot in the form of a three-year convertible loan of €18.8 million, equivalent to \$20.5 million using the applicable exchange rate at the time of the transaction. On April 25, 2024, in connection with the Company’s strategy to expand our capabilities and enable further innovation across immersive experiences and 3D audio technology, the Company entered into a share purchase and transfer agreement to acquire the remaining equity interest in Holoplot not previously owned by the Company. Following the acquisition on April 25, 2024, Holoplot is now a consolidated subsidiary of the Company.

On April 20, 2023, the Company distributed approximately 67% of the outstanding common stock of MSG Entertainment to its stockholders, with the Company retaining approximately 33% of the outstanding common stock of MSG Entertainment (in the form of Class A Common Stock) immediately following the MSGE Distribution. As of June 30, 2024, following the sales of portions of the MSGE Retained Interest and the repayment of the delayed draw term loan with MSG Entertainment using a portion of the MSGE Retained Interest, the Company no longer holds any of the outstanding common stock of MSG Entertainment.

See Note 7. Investments, to the consolidated financial statements included in Item 8 of this Form 10-K for further details.

### **Our Community**

Following Sphere’s opening in fall 2023, the Company launched a partnership with the Clark County School District (“CCSD”) that has so far brought more than 5,300 public school students to the venue for showings of The Sphere Experience. In 2024, Sphere launched the inaugural XO Student Design Challenge, a groundbreaking community collaboration between Sphere, CCSD, and the University of Nevada, Las Vegas (“UNLV”). The Student Design Challenge invited more than 100,000 Clark County, Nevada-based students – from elementary school to graduate school – to create art for the Exosphere, Sphere’s LED exterior, with eight students winning the opportunity to have their artwork displayed on the Exosphere. In addition, the four winners from CCSD high schools and the four winners from UNLV each received a \$10,000 educational scholarship from the Company. The four winners from CCSD elementary and middle schools each earned a \$10,000 donation from the Company to their school’s art program, along with tickets for their entire school to attend The Sphere Experience.

The Company is also dedicated to effecting positive change through other social impact and cause-related initiatives including distributing food to those in need and other in-kind donations.

### **Regulation**

The rules, regulations, policies and procedures affecting our business are subject to change. The following paragraphs describe the existing legal and regulatory requirements that are most significant to our business today; they do not purport to describe all present and proposed laws and regulations affecting our business.

Our business is subject to the general powers of federal, state and local government, as well as foreign governmental authorities, to deal with matters of health, public safety and operations.

#### *Venue Licenses*

Sphere, like all public spaces, is subject to building and health codes and fire regulations imposed by state and local government, as well as zoning and outdoor advertising and signage regulations. Sphere requires a number of licenses to operate, including, but not limited to, occupancy permits, exhibition licenses, food and beverage permits, liquor licenses, signage entitlements and other authorizations. We are also subject to statutes that generally provide that serving alcohol to a visibly intoxicated or minor guest is a violation of the law and may provide for strict liability for certain damages arising out of such violations. In addition, we are subject to the federal Americans with Disabilities Act (and related state and local statutes), which requires us to maintain certain accessibility features at our facilities. We are also subject to environmental laws and regulations. See “Item 1A. Risk Factors — Operational and Economic Risks — *We Are Subject to Extensive Governmental Regulation and Changes in These Regulations and Our Failure to Comply with Them May Have a Material Negative Effect on Our Business and Results of Operations.*”

### *Labor*

Our business is also subject to regulation regarding working conditions, overtime and minimum wage requirements. See “Item 1A. Risk Factors — Operational and Economic Risks — *Labor Matters May Have a Material Negative Effect on Our Business and Results of Operations.*”

### *Ticket Sales*

Our business is subject to legislation governing the sale and resale of tickets and consumer protection statutes generally.

### *Data and Privacy*

We are subject to data privacy and protection laws, regulations, policies and contractual obligations that apply to the collection, transmission, storage, processing and use of personal information or personal data, which among other things, impose certain requirements relating to the privacy and security of personal information. The variety of laws and regulations governing data privacy and protection, and the use of the internet as a commercial medium are rapidly evolving, extensive and complex, and may include provisions and obligations that are inconsistent with one another or uncertain in their scope or application.

The data protection landscape is rapidly evolving in the United States. For example, California passed a comprehensive data privacy law, the California Consumer Privacy Act of 2018 (the “CCPA”), and other states including New Jersey, Virginia, Colorado, Utah and Connecticut have also passed similar laws, and various additional states may do so in the near future. Additionally, the California Privacy Rights Act (the “CPRA”) imposes additional data protection obligations on covered businesses, including additional consumer rights procedures and obligations, limitations on data uses, new audit requirements for higher risk data, and constraints on certain uses of sensitive data. The majority of the CPRA provisions went into effect on January 1, 2023, and additional compliance investment and potential business process changes may be required. Further, there are several legislative proposals in the United States, at both the federal and state level, that could impose new privacy and security obligations.

In addition, governmental authorities and private litigants continue to bring actions against companies for online collection, use, dissemination and security practices that are unfair or deceptive.

### *International Operations*

Our international operations are subject to laws and regulations of the countries in which they operate, as well as international bodies, such as the European Union. We are subject to laws and regulations relating to, among other things, foreign privacy and data protection, such as the E.U. General Data Protection Regulation, currency and repatriation of funds, anti-bribery, anti-money laundering and anti-corruption, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. These laws and regulations apply to the activities of the Company and, in some cases, to individual directors, officers and employees of the Company and agents acting on our behalf. Certain of these laws impose stringent requirements on how we can conduct our foreign operations and could place restrictions on our business and partnering activities.

### *FCC Regulations*

Our MSG Networks business is also subject to regulation by the Federal Communications Commission (the “FCC”). The FCC imposes regulations directly on programming networks and also on certain Distributors in a manner that affects programming networks indirectly.

### *Accessibility*

Under FCC rules, our programming networks, websites and mobile applications must meet certain requirements for access by persons with disabilities. Most notably, our programming networks must provide closed captioning of video programming for the hearing impaired and meet certain captioning quality standards. The FCC and certain of our affiliation agreements require us to certify compliance with such standards. We are also required to provide closed captioning on certain video content delivered via the Internet, and ensure that our website and applications offering video content comply with certain captioning functionality and other requirements.

### *Commercial Loudness*

FCC rules require multichannel video programming distributors (“MVPDs”) to ensure that all commercials comply with specified volume standards, and certain of our affiliation agreements require us to certify compliance with such standards.

### *Advertising Restrictions on Children's Programming*

Any programming intended primarily for children 12 years of age and under and associated Internet websites that we may offer must comply with certain limits on commercial matter and certain of our affiliation agreements require us to certify compliance with such standards.

### *Obscenity Restrictions*

Distributors are prohibited from transmitting obscene programming, and certain of our affiliation agreements require us to refrain from including such programming on our networks.

### *Program Carriage*

The FCC's program carriage rules prohibit Distributors from favoring their affiliated programming networks over unaffiliated similarly situated programming networks in the rates, terms and conditions of carriage agreements between programming networks and cable operators or other MVPDs. Some of the FCC's recent interpretations of these rules, however, have made it more difficult for our programming networks to challenge a Distributor's decision to decline to carry one of our programming networks or to discriminate against one of our programming networks.

### *Packaging and Pricing*

The FCC periodically considers examining whether to adopt rules regulating how programmers package and price their networks, such as whether programming networks require Distributors to purchase and carry undesired programming in return for the right to carry desired programming and, if so, whether such arrangements should be prohibited.

### *Effect of "Must-Carry" and Retransmission Consent Requirements*

The FCC's implementation of the statutory "must-carry" obligations requires cable and satellite Distributors to give broadcasters preferential access to channel space, and the implementation of "retransmission consent" requirements allow broadcasters to extract compensation, whether monetary or mandated carriage of affiliated content, in return for permission to carry their networks. These rules may reduce the amount of channel space that is available for carriage of our programming networks and the amount of funds that Distributors have to pay us for our networks.

### *Website and Mobile Application Requirements*

Our Sphere and MSG Networks businesses are also subject to certain regulations applicable to our Internet websites and mobile applications. We maintain various websites and mobile applications that provide information and content regarding our business, offer merchandise and tickets for sale, offer live and on-demand streaming content, make available sweepstakes and/or contests and offer hospitality services. The operation of these websites and applications may be subject to third-party application store requirements, as well as a range of federal, state and local laws including those related to privacy and protection of personal information, accessibility for persons with disabilities and consumer protection regulations. In addition, to the extent any of our websites seek to collect information from children under 13 years of age, they may be subject to the Children's Online Privacy Protection Act, which places restrictions on websites' and online services' collection and use of personally identifiable information online from children under age 13 without parental consent.

## **Competition**

### ***Competition in Our Sphere Business***

Our Sphere business competes, in certain respects and to varying degrees, for guests, advertisers and marketing partners with other leisure-time activities and entertainment options such as other live performances, sporting events, music festivals, television, radio, motion pictures, restaurants and nightlife venues, the Internet, social media and social networking platforms, online and mobile services, and the large number of other entertainment and public attraction options available to members of the public, advertisers and marketing partners. While Sphere offers first-of-its-kind immersive opportunities, our Sphere business typically represents a competing use for the public's entertainment dollars, as well as corporate advertising and sponsorship dollars. The primary geographic area in which we operate, Las Vegas, is a highly competitive entertainment destination, with numerous showrooms, stadiums and arenas, performance residencies, museums, galleries and other attractions available to the public. We compete with these other entertainment and advertising options on the basis of the quality and pricing of our offerings and the public's interest in our content and advertising and marketing partnership offerings.

We compete for bookings with a large number of other venues, both in Las Vegas where Sphere is located and in alternative locations capable of booking traditional productions and events, which venues may be more familiar to performers who may not be willing to take advantage of the immersive experiences and next generation technologies that Sphere offers (which cannot be re-used in other venues). Generally, we compete for bookings on the basis of the size, quality, expense and nature of the venue required for the booking. Some of our competitors may have a larger network of venues and/or greater financial resources. See “Item 1A. Risk Factors — Operational and Economic Risks — *Our Businesses Face Intense and Wide-Ranging Competition That May Have a Material Negative Effect on Our Business and Results of Operations.*”

### ***Competition in Our MSG Networks Business***

#### ***Distribution of Programming Networks***

The business of distributing programming networks is highly competitive. Our programming networks face competition from other programming networks, including national networks and other regional sports and entertainment networks, for the right to be carried by a particular Distributor, and for the right to be carried on the service tier(s) that will attract the most subscribers. Once a programming network of ours is carried by a Distributor, that network competes for viewers not only with the other programming networks available through the Distributor, but also with pay-per-view programming and video on demand offerings, as well as Internet and online streaming and DTC and on demand services, mobile applications, social media and social networking platforms, radio, print media, motion picture theaters, home video, and other sources of information, sporting events and entertainment. Each of the following competitive factors is important to our networks: the prices we charge for our programming networks; the variety, quantity and quality (in particular, the performance of the sports teams whose media rights we control), of the programming offered on our networks; and the effectiveness of our marketing efforts.

Our ability to successfully compete with other programming networks for distribution may be hampered because the Distributors may be affiliated with those other programming networks. In addition, because such affiliated Distributors may have a substantial number of subscribers, the ability of such competing programming networks to obtain distribution on affiliated Distributors may lead to increased subscriber and advertising revenue for such networks because of their increased penetration compared to our programming networks. Even if such affiliated Distributors carry our programming networks, there is no assurance that such Distributors will not place their affiliated programming network on more desirable tier(s) or otherwise favor their affiliated programming network, thereby giving the affiliated programming network a competitive advantage over our own.

New or existing programming networks that are owned by or affiliated with broadcast networks such as NBC, ABC, CBS or Fox, or broadcast station owners such as Sinclair, may have a competitive advantage over our networks in obtaining distribution through the “bundling” of agreements to carry those programming networks with the agreement giving the Distributor the right to carry a broadcast station, or group of other programming networks, owned by or affiliated with the network.

In addition, content providers (such as certain broadcast and cable networks) and new content developers, Distributors and syndicators are distributing programming directly to consumers on a DTC basis. In addition to existing DTC streaming services such as Amazon Prime, Hulu, Netflix, Apple TV+, Disney+, Max and Peacock, additional services have launched and more will likely launch in the near term, which may include sports-focused services that may compete with our networks for viewers and advertising revenue. For example, ESPN, Warner Bros. Discovery and Fox have announced their intention to partner on a sports-oriented digital distribution platform currently known as Venu Sports that will offer their national sports programming directly to consumers and is expected to launch in fall 2024. Such DTC distribution of content has contributed to consumers eliminating or downgrading their pay television subscription, which results in certain consumers not receiving our programming networks. We introduced our own DTC product in June 2023, which provides consumers an alternative to accessing our programming through our Distributors, but there can be no assurance that we will successfully execute our strategy for such offering. Our DTC offering represents a new consumer offering for which we have limited prior experience and we may not be able to successfully predict the demand for such product or the impact such product may have on our traditional distribution business. In addition, the success of our DTC product will depend on a number of factors, including competition from other DTC products, such as offerings from other regional sports networks. See “Item 1A. Risk Factors — Operational and Economic Risks — *Our Businesses Face Intense and Wide-Ranging Competition That May Have a Material Negative Effect on Our Business and Results of Operations.*” and “Item 1A. Risk Factors — *Risks Related to Our MSG Networks Business — We May Not Be Able to Adapt to New Content Distribution Platforms or to Changes in Consumer Behavior Resulting From Emerging Technologies, Which May Have a Material Negative Effect on Our Business and Results of Operations.*”

#### ***Sources of Programming***

We also compete with other networks and other distribution outlets to secure desired programming, including sports-related programming. Competition for programming increases as the number of programming networks and distribution outlets, including, but not limited to, streaming outlets, increases. Other programming networks, or distribution outlets, that are affiliated with or otherwise have larger relationships with programming sources such as sports teams or leagues, movie or television studios, or film libraries may have a competitive advantage over us in this area.

### *Competition for Sports Programming Sources*

Because the loyalty of the sports viewing audience to a sports programming network is primarily driven by loyalty to a particular team or teams, access to adequate sources of sports programming is particularly critical to our networks. In connection with the spinoff of MSG Sports from MSG Networks in September 2015 (the “2015 Sports Distribution”), MSG Networks entered into long-term media rights agreements with the Knicks and Rangers providing MSG Networks with the exclusive live local media rights to their games. MSG Networks also has multi-year media rights agreements with the Islanders, Devils and Sabres. Our rights with respect to these professional teams may be limited in certain circumstances due to rules imposed by the leagues in which they compete. Our programming networks compete for telecast rights for teams or events principally with national or regional programming networks that specialize in, or carry, sports programming, local and national commercial broadcast television networks, independent syndicators that acquire and resell such rights nationally, regionally and locally, streaming outlets and other Internet and mobile-based distributors of programming. Some of our competitors may own or control, or are owned or controlled by, or otherwise affiliated with, sports teams, leagues or sports promoters, which gives them an advantage in obtaining telecast rights for such teams or sports. For example, the New York Yankees have an ownership interest in YES. Distributors may also contract directly with the sports teams in their local service areas for the right to distribute games on their platforms.

The increasing amount of sports programming available on a national basis, including pursuant to national media rights arrangements (e.g., NBA on ABC, ESPN, ESPN+, TNT and Max (ABC, ESPN, ESPN+, NBC, Peacock and Amazon beginning in 2025-26), and NHL on ABC, ESPN, Hulu, ESPN+, TNT and Max), as part of league-controlled sports programming networks (e.g., NBA TV and NHL Network), in out-of-market packages (e.g., NBA League Pass and NHL Center Ice/ESPN+), league and other websites, mobile applications and streaming outlets, may have an adverse impact on our competitive position as our programming networks compete for distribution and for viewers. For example, in July 2024, the NBA finalized new national media rights arrangements, which beginning with the 2025-26 NBA season, increase the number of team games that can be selected by national broadcasters (which could reduce the number of games available for exclusive broadcast by our networks).

### *Competition for Advertising Revenue*

The level of our advertising revenue depends in part upon unpredictable and volatile factors beyond our control, such as viewer preferences, traditional linear viewing verse digital streaming trends, ad-supported streaming services, the performance of the sports teams whose media rights we control, the quality and appeal of the competing programming and the availability of other entertainment activities. See “Item 1A. Risk Factors — Risks Related to Our MSG Networks Business — *We Derive Substantial Revenues From the Sale of Advertising and Those Revenues Are Subject to a Number of Factors, Many of Which Are Beyond Our Control.*”

### **Supplier Diversity**

We are committed to fostering an inclusive environment across all areas of our business. In partnership with MSG Entertainment and MSG Sports, our business and supplier diversity program seeks to provide opportunities to diverse suppliers to do business with each of the three companies. See “Human Capital Resources — Diversity and Inclusion” below.

### **Human Capital Resources**

We believe the strength of our workforce is one of the significant contributors to our success. Our key human capital management objectives are to invest in and support our employees in order to attract, develop and retain a high performing and diverse workforce.

#### ***Diversity and Inclusion (“D&I”)***

We aim to create an employee experience that fosters the Company’s culture of respect and inclusion. By welcoming the diverse perspectives and experiences of our employees, we all share in the creation of a more vibrant, unified, and engaging place to work. Together with MSG Entertainment and MSG Sports, we have furthered these objectives under our expanded People Development, Diversity and Inclusion function, including:

#### ***Workforce: Embedding Diversity and Inclusion through Talent Actions***

- Created a common definition of “potential” and an objective potential assessment to de-bias talent review conversations so employees have an opportunity to learn, grow and thrive;
- Through our performance management process, we encourage regular conversations between managers and employees regarding goals, career growth and productivity;
- Integrated D&I best practices into our performance management and learning and development strategies with the goal of driving more equitable outcomes;
- Developed an emerging talent list to expand our talent pool to better identify and provide specific development opportunities for high performing employees, including diverse talent; and

- Required all employees to participate in our “Uncover the Elements of an Effective Interview” training prior to participation in any interview process to educate employees on various forms of bias in the interview process.

#### *Workplace: Building an Inclusive and Accessible Community*

- Expanded our efforts with the MSG D&I enterprise calendar to acknowledge and celebrate culturally relevant days and months of recognition, anchored by our six Employee Resource Groups (“ERGs”): Asian Americans and Pacific Islanders (AAPI), Black, LatinX, PRIDE, Veterans, and Women. Membership in our ERGs is open to all employees, and combined ERG involvement increased from approximately 1,100 members in Fiscal Year 2023 to approximately 1,700 members in Fiscal Year 2024 (an increase of 54.8%), which includes employees across the Company, MSG Entertainment and MSG Sports;
- Continued to embed our “Conscious Inclusion Awareness Experience” into our on-boarding experience. This is a required educational module, delivered in two parts, focused on unconscious bias and conscious inclusion within our learning management system;
- Broadened our D&I educational strategy by launching “D&I Learning Moments” to highlight e-learning courses in our learning management system connected to D&I themes, including microaggressions and stereotypes. Additionally, the D&I team offers live trainings that are open to the entire company on topics such as Inclusive Leadership, LGBTQ+ Allyship, and Generational Differences. Trainings were completed by approximately 500 employees across the Company, MSG Entertainment and MSG Sports from January 2024 to June 2024;
- Continued our LGBTQ+ inclusivity strategy by hosting live allyship and inclusivity trainings and launching toolkit resources for employees to learn and develop. Together with the PRIDE ERG, we marched in the NYC Pride Parade in 2022, 2023 and 2024; and
- Expanded our Community Conversations series with a theme this year of “Finding Your Voice”. Panels were held during Hispanic Heritage Month, Veterans Day, Black History Month, Women’s Empowerment Month, Asian American and Pacific Islander Heritage Month and Pride Month with elected officials and employees across the Company, MSG Entertainment and MSG Sports.

#### *Community: Bridging the Divide through Expansion to Diverse Stakeholders*

- Focused on increasing opportunities to connect with diverse vendors and suppliers by leveraging ERGs and our community. This effort creates revenue generating opportunities for diverse suppliers to promote their businesses and products. In Fiscal Year 2024, the Company expanded its multi-city holiday market event featuring thirty underrepresented businesses in New York City and Burbank, and hosted a virtual market for our Las Vegas employees; and
- Invested in an external facing supplier diversity portal on our website, which launched in Fiscal Year 2023. The portal is intended to expand opportunities for the Company, MSG Entertainment and MSG Sports to do business with diverse suppliers, including minority-, women-, LGBTQ+- and veteran-owned businesses.

#### **Talent**

As of June 30, 2024, we had approximately 970 full-time union and non-union employees and approximately 2,130 part-time union and non-union employees.

We aim to attract top talent through our prestigious brands and venues, as well as through the many benefits we offer. We aim to retain and develop our talent by emphasizing our competitive rewards, offering opportunities that support employees both personally and professionally, and our commitment to fostering career development in a positive corporate culture.

Our performance management practice includes ongoing feedback and conversations between managers and team members, and talent reviews designed to identify potential future leaders and inform succession plans. We value continuous learning and development opportunities for our employees, which include a career development tool, leadership development programs, a learning platform, and tuition assistance.

Our benefit offerings are designed to meet the range of needs of our diverse workforce and include: domestic partner coverage, an employee assistance program which also provides assistance with child and elder care resources, legal support, pet insurance, wellness programs and financial planning seminars. These resources are intended to support the physical, emotional and financial well-being of our employees.

As of June 30, 2024, approximately 18% of our employees were subject to collective bargaining agreements (“CBAs”). Approximately 5% of those union employees are subject to CBAs that expired as of June 30, 2024 and approximately 39% are subject to CBAs that will expire by June 30, 2025 if they are not extended prior thereto. Labor relations can be volatile, though our current relationships with our unions taken as a whole are positive. We have from time to time faced labor action or had to make contingency plans because of threatened or potential labor actions.

## Financial Information about Segments and Geographic Areas

Substantially all revenues and assets of the Company's reportable segments are attributed to or located in the United States. A majority of the Company's revenues and assets are concentrated in the New York City metropolitan area and Las Vegas. Financial information by business segments for each of Fiscal Years 2024, 2023 and 2022 is set forth in "Part II — Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part II — Item 8. Financial Statements and Supplementary Data — Consolidated Financial Statements — Notes to Consolidated Financial Statements — Note 19. Segment Information."

## Available Information

Our telephone number is (725) 258-0001, our website is <http://www.sphereentertainmentco.com> and the investor relations section of our website is <http://investor.sphereentertainmentco.com>. We make available, free of charge through the investor relations section of our website, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as well as proxy statements, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission ("SEC") at <http://www.sec.gov>. Copies of these filings are also available on the SEC's website. References to our website in this report are provided as a convenience and the information contained on, or available through, our website is not part of this or any other report we file with or furnish to the SEC.

Investor Relations can be contacted at Sphere Entertainment Co., Two Penn Plaza, New York, New York 10121, Attn: Investor Relations, telephone: 212-465-6618, e-mail: [investor@thesphere.com](mailto:investor@thesphere.com). We use the following, as well as other social media channels, to disclose public information to investors, the media and others:

- Our website ([www.sphereentertainmentco.com](http://www.sphereentertainmentco.com));
- Our LinkedIn account ([www.linkedin.com/company/sphere-entertainment-co/](http://www.linkedin.com/company/sphere-entertainment-co/));
- Our X (formerly Twitter) account ([x.com/SphereVegas](https://x.com/SphereVegas)); and
- Our Instagram account ([instagram.com/spherevegas](https://www.instagram.com/spherevegas)).

Our officers may use similar social media channels to disclose public information. It is possible that certain information we or our officers post on our website and on social media could be deemed material, and we encourage investors, the media and others interested in Sphere Entertainment to review the business and financial information we or our officers post on our website and on the social media channels identified above. The information on our website and those social media channels is not incorporated by reference into this Form 10-K.

## **Item 1A. Risk Factors**

### **Summary of Risk Factors**

The following is a summary of the principal risks that could adversely affect our business, operations and financial results. For a more complete discussion of the material risks facing our business, please see below.

#### ***Risks Related to Our Sphere Business***

- The success of our Sphere business depends on the popularity of The Sphere Experience, as well as our ability to continue to attract advertisers and marketing partners, and audiences and artists to concerts, residencies and other events at Sphere in Las Vegas.
- The difficulty with estimating the costs of our initial Sphere in Las Vegas and the complexities of the planning process create risks with respect to our Sphere initiative, which may not be successful unless we can develop additional venues.
- We depend on licenses from third parties for the performance of musical works at our venue, the loss of which or renewal of which on less favorable terms may have a negative effect on our business and results of operations.
- Our properties are subject to, and benefit from, certain easements, the availability of which may not continue on terms favorable to us or at all.

#### ***Risks Related to Our MSG Networks Business***

- The success of our MSG Networks business depends on affiliation fees we receive under our affiliation agreements, the loss of which or renewal of which on less favorable terms may have a material negative effect on our business and results of operations.
- Given that we depend on a limited number of distributors for a significant portion of our MSG Networks revenues, further industry consolidation could adversely affect our business and results of operations.
- We may not be able to adapt to new content distribution platforms or to changes in consumer behavior resulting from emerging technologies, which may have a material negative effect on our business and results of operations.
- If the rate of decline in the number of subscribers to traditional MVPD services continues or these subscribers shift to other services or bundles that do not include the Company's programming networks, there may be a material negative effect on the Company's distribution revenues.
- We derive substantial revenues from the sale of advertising and those revenues are subject to a number of factors, many of which are beyond our control.
- Our MSG Networks business depends on media rights agreements with professional sports teams that have varying durations and terms and include significant obligations, and our inability to renew those agreements on acceptable terms, or the loss of such rights for other reasons, may have a material negative effect on our MSG Networks business and results of operations.
- The actions of the NBA and NHL may have a material negative effect on our MSG Networks business and results of operations.
- Our MSG Networks business is substantially dependent on the popularity of the NBA and NHL teams whose media rights we control.
- Our MSG Networks business depends on the appeal of its programming, which may be unpredictable, and increased programming costs may have a material negative effect on our business and results of operations.

#### ***Risks Related to Our Indebtedness, Financial Condition, and Internal Control***

- We have substantial indebtedness and are highly leveraged, which could adversely affect our business.
- Although MSG Networks is pursuing a work-out of the MSG Networks Credit Facilities, there can be no assurances that it will be successful; any refinancing may require an equity contribution by Sphere Entertainment Group to MSG Networks and, even if a refinancing is successfully consummated, it may be on terms materially less favorable to MSG Networks than the current terms.
- If MSG Networks is unable to refinance the MSG Networks Credit Facilities through a work-out or otherwise, the outstanding debt thereunder could be accelerated and the lenders could foreclose upon the MSG Networks business.
- We may require additional financing to fund certain of our obligations, ongoing operations, and capital expenditures, the availability of which is uncertain.

- We have incurred substantial operating losses, adjusted operating losses and negative cash flow and there is no assurance we will have operating income, adjusted operating income or positive cash flow in the future.
- Material weaknesses or adverse findings in our internal control over financial reporting in the future could have an adverse effect on the market price of our common stock.

#### ***Operational and Economic Risks***

- Our businesses face intense and wide-ranging competition that may have a material negative effect on our business and results of operations.
- Our operations and operating results have been, and may in the future be, materially impacted by a pandemic or another public health emergency, such as the COVID-19 pandemic.
- Our business has been adversely impacted and may, in the future, be materially adversely impacted by an economic downturn, recession, financial instability, inflation or changes in consumer tastes and preferences.
- The geographic concentration of our businesses could subject us to greater risk than our competitors and have a material negative effect on our business and results of operations.
- Our business could be adversely affected by terrorist activity or the threat of terrorist activity, weather and other conditions that discourage congregation at prominent places of public assembly.
- We are subject to extensive governmental regulation and changes in these regulations and our failure to comply with them may have a material negative effect on our business and results of operations.
- Labor matters may have a material negative effect on our business and results of operations.
- The unavailability of systems upon which we rely may have a material negative effect on our business and results of operations.
- There is a risk of injuries and accidents in connection with Sphere, which has in the past and could in the future subject us to personal injury or other claims; we are subject to the risk of adverse outcomes in other types of litigation.
- We face risks from doing business internationally.

#### ***Risks Related to Cybersecurity and Intellectual Property***

- We face continually evolving cybersecurity and similar risks, which could result in loss, disclosure, theft, destruction or misappropriation of, or access to, our confidential information and cause disruption of our business, damage to our brands and reputation, legal exposure and financial losses.
- We have in the past and may in the future become subject to infringement or other claims relating to our content or technology.
- Theft of our intellectual property may have a material negative effect on our business and results of operations.

#### ***Risks Related to Governance and Our Controlled Ownership***

- We are materially dependent on our affiliated entities' performances under various agreements.
- The MSGE Distribution could result in significant tax liability. We may have a significant indemnity obligation to MSG Entertainment if the MSGE Distribution is treated as a taxable transaction.
- We are controlled by the Dolan family. As a result of their control, the Dolan family has the ability to prevent or cause a change in control or approve, prevent or influence certain actions by the Company.
- We share certain directors, officers and employees with MSG Sports, MSG Entertainment and/or AMC Networks, which means those individuals do not devote their full time and attention to our affairs and the overlap may give rise to conflicts.

#### ***Risks Related to Our Sphere Business***

***The Success of Our Sphere Business Depends on the Popularity of The Sphere Experience, as Well as Our Ability to Continue to Attract Advertisers and Marketing Partners, and Audiences and Artists to Concerts, Residencies and Other Events at Sphere in Las Vegas. If The Sphere Experience Does Not Continue to Appeal to Customers or We Are Unable to Attract Advertisers and Marketing Partners, There Will be a Material Negative Effect on Our Business and Results of Operations.***

The financial results of our Sphere business are largely dependent on the popularity of The Sphere Experience, which features original immersive productions that can run multiple times per day, year-round and are designed to utilize the full breadth of the venue's next-generation technologies. The Sphere Experience employs novel and transformative technologies for which there is no established basis of comparison, and there is an inherent risk that we may be unable to achieve the level of success appropriate for the significant

investment involved. Fan and consumer tastes also change frequently and it is a challenge to anticipate what will be successful at any point in time. Should the popularity of The Sphere Experience not meet our expectations, our revenues from ticket sales, and concession and merchandise sales would be adversely affected, and we might not be able to replace the lost revenue with revenues from other sources. For example, we have experienced a decline in the average revenues per show of The Sphere Experience quarter-over-quarter since its debut on October 6<sup>th</sup> at Sphere in Las Vegas. As a result of any of the foregoing, we may not be able to generate sufficient revenues to cover our costs, which could adversely impact our business and results of operations, the price of our Class A Common Stock and the value of our 3.50% Convertible Senior Notes.

Currently, our Sphere business only has access to one original immersive production, *Postcard from Earth*. The risk of reliance on The Sphere Experience described above is exacerbated by the lack of availability of alternative content. If The Sphere Experience is not successful in continuing to attract guests, we may not have sufficient capital to develop additional original immersive productions. In that event, Sphere in Las Vegas may need to either rely on increased advertising and marketing revenues and the success of much more frequent third-party live entertainment offerings to generate enough capital to develop additional original immersive productions and/or partner with third parties to develop and finance such productions.

Additionally, our Sphere business is also dependent on our ability to continue to attract advertisers and marketing partners to our signage, digital advertising and partnership offerings. Advertising revenues depend on a number of factors, such as the reach and popularity of our venue (including risks around consumer reactions to advertisers and marketing partners), the health of the economy in the markets our businesses serve and in the nation as a whole, general economic trends in the advertising industry and competition with respect to such offerings. Should the popularity of our advertising assets not meet our expectations, our revenues would be adversely affected, and we might not be able to replace the lost revenue with revenues from other sources, which could adversely impact our business and results of operations and the price of our Class A Common Stock and the value of our 3.50% Convertible Senior Notes.

The success of our Sphere business also depends upon our ability to offer live entertainment that is popular with guests. While the Company believes that these next-generation venues will enable new experiences and innovative opportunities to engage with audiences, there can be no assurance that guests, artists, promoters, advertisers and marketing partners will continue to embrace this new platform. We contract with promoters and others to provide performers and events at Sphere and Sphere grounds. Although our concert performances have been popular with guests, there can be no assurances that future performances will achieve similar popularity. There may be a limited number of popular artists, groups or events that are willing to invest in and to take advantage of the immersive experiences and next generation technologies (which cannot be re-used in venues other than Sphere) or that can attract audiences to Sphere, and our business would suffer to the extent that we are unable to attract such artists, groups and events willing to perform at our venue.

***The Difficulty with Estimating the Costs of our Initial Sphere in Las Vegas and the Complexities of the Planning Process Create Risks with Respect to our Sphere Initiative, Which May Not Be Successful Unless We Can Develop Additional Venues.***

The Company's venue strategy is to create, build and operate new music and entertainment-focused venues—called Sphere—that use cutting-edge technologies to create the next generation of immersive experiences. There is no assurance that the Sphere initiative will be successful.

We completed construction of our first Sphere in Las Vegas in September 2023. The costs to build Sphere were substantial. While it is always difficult to provide a definitive construction cost estimate for large-scale construction projects, it was particularly challenging for one as unique as Sphere. In May 2019, the Company's preliminary cost estimate for Sphere in Las Vegas was approximately \$1.2 billion. This estimate was based only upon schematic designs for purposes of developing the Company's budget and financial projections. The cost estimate for Sphere was subsequently increased numerous times during the course of the project and the final construction cost for Sphere in Las Vegas meaningfully exceeded the initial estimate. See Note 8 Property and Equipment, Net and Note 9 Leases to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

In February 2018, we announced the purchase of land in Stratford, London, which we expected would become home to a future Sphere. On November 21, 2023, we announced that we were formally notified by the Mayor of London that our planning application for a Sphere venue in Stratford, London was not approved. In light of this decision, we no longer plan to allocate resources towards the development of a Sphere in the United Kingdom. In connection with this decision, we recorded an impairment charge of \$116.5 million in the quarter ended December 31, 2023.

We continue to explore domestic and international markets where these next-generation venues are expected to be successful. The design of future Spheres will be flexible to accommodate a wide range of sizes and capacities—from large-scale to smaller and more intimate—based on the needs of any individual market. While the Company has self-funded the construction of Sphere in Las Vegas, the Company's intention for future venues is to utilize several options, such as joint ventures, equity partners, a managed venue model and non-recourse debt financing. In connection with the construction of future Sphere venues, the Company may need to obtain additional capital beyond what is available from cash-on-hand and cash flows from operations. There is no assurance that we would be able to obtain financing for any costs relating to any future venues on terms favorable to us or at all.

The difficulty with estimating the costs of our initial Sphere in Las Vegas and the complexities of the planning process create risks with respect to our Sphere initiative, which may not be successful unless we can develop additional venues.

***Sphere Uses Cutting-Edge Technologies and Requires Significant Capital Investment by the Company. There Can Be No Assurance That Sphere Will Continue to Be Successful.***

Sphere employs novel and transformative technologies and new applications of existing technologies. Although the application of these technologies at Sphere have been successful to-date, there can be no assurance that Sphere will achieve the operational and artistic goals the Company is seeking over the long-term. Any failure to do so could have a material negative effect on our business and results of operations.

While the Company believes that these next-generation venues will enable new experiences and innovative opportunities to engage with audiences, there can be no assurance that guests, artists, promoters, advertisers and marketing partners will continue to embrace this new platform. The substantial cost of building Sphere in Las Vegas, as well as the potential costs and/or financing needs with respect to future Spheres, may constrain the Company's ability to undertake other initiatives during these multi-year construction periods. Given our strategy of using original immersive productions across multiple venues, our Sphere initiative may not be successful unless we can develop additional venues.

***Our Sphere Business Strategy Includes the Development of The Sphere Experience and Related Original Immersive Productions, Which Could Require Us to Make Considerable Investments for Which There Can Be No Guarantee of Success.***

As part of our Sphere business strategy, we have developed The Sphere Experience, including *Postcard from Earth*, our first original immersive production, and have commenced the development of additional original immersive productions, which will require significant upfront expense that may never result in a viable production, as well as investment in creative processes, commissioning and/or licensing of intellectual property, casting and advertising and may lead to dislocation of other alternative sources of entertainment that may have played in our venue absent these productions. We invested approximately \$81.4 million to develop the first original immersive production, *Postcard from Earth*, and there can be no assurances as to the cost of future immersive productions, which we expect to be significant. To the extent that any efforts at creating new immersive productions do not result in a viable offering, or to the extent that any such productions do not achieve expected levels of popularity among audiences, we may not recover the substantial expenses we previously incurred for non-capitalized investments, or may need to write-off all or a portion of capitalized investments. In addition, any delay in launching such productions could result in the incurrence of operating costs which may not be recouped.

The incurrence of such expenses or the write-off of capitalized investments could adversely impact our business and results of operations and the price of our Class A Common Stock.

***We Depend on Licenses from Third Parties for the Performance of Musical Works at Our Venue, the Loss of Which or Renewal of Which on Less Favorable Terms May Have a Negative Effect on Our Business and Results of Operations.***

We have obtained and will be required to obtain public performance licenses from music performing rights organizations, commonly known as "PROs," in connection with the performance of musical works at concerts and certain other live events held at Sphere. In exchange for public performance licenses, most PROs are paid a per-event royalty, traditionally calculated either as a percentage of ticket revenue or a per-ticket amount. The PRO royalty obligation of any individual event is generally paid by, or charged to, the promoter of the event.

If we lose or are unable to obtain these licenses, or are unable to obtain them on terms consistent with past practice, it may have a negative effect on our business and results of operations. An increase in the royalty rate and/or the revenue base on which the royalty rate is applied could substantially increase the cost of presenting concerts and certain other live events at our venue. If we are no longer able to pass all or a portion of these royalties on to promoters (or other venue licensees), it may have a negative effect on our business and results of operations.

***Our Properties Are Subject to, and Benefit from, Certain Easements, the Availability of Which May Not Continue on Terms Favorable to Us or at All.***

Sphere in Las Vegas has the benefit of easements with respect to the pedestrian bridge to The Venetian. Our ability to continue to utilize these and other easements, including for advertising and promotional purposes, requires us to comply with a number of conditions. Certain adjoining property owners have easements over our property, which we are required to maintain so long as those property owners meet certain conditions. It is possible that we will be unable to continue to access or maintain any easements on terms favorable to us, or at all, which could have a material negative effect on our business and results of operations.

## **Risks Related to Our MSG Networks Business**

### ***The Success of Our MSG Networks Business Depends on Affiliation Fees We Receive Under Our Affiliation Agreements, the Loss of Which or Renewal of Which on Less Favorable Terms May Have a Material Negative Effect on Our Business and Results of Operations.***

MSG Networks' success is dependent upon affiliation relationships with a limited number of Distributors. Existing affiliation agreements with major Distributors expire during each of the next several years, including during calendar year 2024, and we cannot provide assurances that we will be able to renew these affiliation agreements or obtain terms as attractive as our existing agreements in the event of a renewal. Any such non-renewal would result in a material negative effect on our affiliation revenues, operating income and adjusted operating income. For example, we were not able to renew our affiliation agreement with Comcast when it expired in September 2021, which caused a reduction in annual affiliation revenue, operating income and adjusted operating income.

Affiliation fees constitute a significant majority of our MSG Networks revenues. Changes in affiliation fee revenues generally result from a combination of changes in Distributor affiliation rates and/or changes in subscriber counts. Reductions in the license fees that we receive per subscriber or in the number of subscribers for which we are paid, including as a result of a loss of or reduction in carriage of our programming networks or a loss of subscribers by one or more of our Distributors, have in the past adversely affected (e.g., the non-renewal with Comcast) and will in the future adversely affect our affiliation fee revenue. For example, our distribution revenue declined \$42.6 million in Fiscal Year 2024 compared to Fiscal Year 2023. Subject to the terms of our affiliation agreements, Distributors from time to time introduce, market and/or modify tiers of programming networks that impact the number of subscribers that receive our programming networks, including tiers of programming that may exclude our networks. Any loss or reduction in carriage would also decrease the potential audience for our programming, which may adversely affect our advertising revenues. See “—If the Rate of Decline in the Number of Subscribers to Traditional MVPDs Services Increases or These Subscribers Shift to Other Services or Bundles That Do Not Include the Company's Programming Networks, There May Be a Material Negative Effect on the Company's Affiliation Revenues.”

Following the launch of MSG+, a DTC and authenticated streaming product, which is available on a free, authenticated basis to subscribers of participating Distributors (including all of MSG Networks' major Distributors), as well as for purchase by viewers on a DTC basis through monthly and annual subscriptions, as well as single game purchases, distribution revenue for our MSG Networks segment now includes both affiliation fee revenue earned from Distributors for the right to carry the Company's networks as well as revenue earned from subscriptions and single game purchases on MSG+. Losses in monthly subscribers of MSG+, including during the off-season, would adversely affect our distribution revenues.

Our affiliation agreements generally require us to meet certain content criteria, such as minimum thresholds for professional event telecasts throughout the calendar year on our networks. The impacts of the NBA and NHL national broadcast agreements, including the new NBA agreements that are scheduled to begin with the 2025-2026 NBA season, could result in fewer professional event telecasts of our teams made available to us for broadcast and impact our ability to meet these criteria. If we do not meet these criteria, remedies may be available to our Distributors, such as fee reductions, rebates or refunds and/or termination of these agreements in some cases. For example, we recorded \$10.7 million in Fiscal Year 2022 for affiliate rebates.

In addition, under certain circumstances, an existing affiliation agreement may expire, and we and the Distributor may not have finalized negotiations of either a renewal of that agreement or a new agreement for certain periods of time. In certain of these circumstances, Distributors may continue to carry the service(s) until the execution of definitive renewal or replacement agreements (or until we or the Distributor determine that carriage should cease).

Occasionally, we may have disputes with Distributors over the terms of our affiliation agreements. If not resolved through business discussions, such disputes could result in administrative complaints, litigation and/or actual or threatened termination of an existing agreement. The loss of any of our significant Distributors, the failure to renew on terms as attractive as our existing agreements (or to do so in a timely manner) or disputes with our counterparties relating to the interpretation of their agreements with us, could result in our inability to generate sufficient revenues to perform our obligations under our agreements or otherwise materially negatively affect our business and results of operations.

### ***Given That We Depend on a Limited Number of Distributors for a Significant Portion of Our MSG Networks Revenues, Further Industry Consolidation Could Adversely Affect Our Business and Results of Operations.***

The pay television industry is highly concentrated, with a relatively small number of Distributors serving a significant percentage of pay television subscribers that receive our programming networks, thereby affording the largest Distributors significant leverage in their relationship with programming networks, including ours. Substantially all of our affiliation fee revenue comes from our top four Distributors. Further consolidation in the industry could reduce the number of Distributors available to distribute our programming networks and increase the negotiating leverage of certain Distributors, which could adversely affect our revenue. In some cases, if a Distributor is acquired, the affiliation agreement of the acquiring Distributor will govern following the acquisition. In those

circumstances, the acquisition of a Distributor that is a party to one or more affiliation agreements with us on terms that are more favorable to us than that of the acquirer could have a material negative impact on our business and results of operations.

***We May Not Be Able to Adapt to New Content Distribution Platforms or to Changes in Consumer Behavior Resulting From Emerging Technologies, Which May Have a Material Negative Effect on Our Business and Results of Operations.***

We must successfully adapt to technological advances in our industry and the manner in which consumers watch sporting events, including the emergence of alternative distribution platforms. Our ability to exploit new distribution platforms and viewing technologies may affect our ability to maintain and/or grow our business. Emerging forms of content distribution provide different economic models and compete with current distribution methods in ways that are not entirely predictable. Such competition has reduced and could continue to reduce demand for our programming networks or for the offerings of our Distributors and, in turn, reduce our revenue from these sources. Content providers (such as certain broadcast and cable networks) and new content developers, Distributors and syndicators are distributing programming directly to consumers on a DTC basis. In addition to existing subscription DTC streaming services such as Amazon Prime, Hulu, Netflix, Apple TV+, Disney+, ESPN+, Max and Peacock and free advertiser-supported streaming television (“FAST”) channels that are offered directly to consumers at no cost, additional services have launched and more will likely launch in the near term, which may include sports-focused services that may compete with our networks for viewers and advertising revenue. For example, ESPN, Warner Bros. Discovery and Fox have announced their intention to partner on a sports-oriented digital distribution platform currently known as Venu Sports that will offer their national sports programming directly to consumers and is expected to launch in fall 2024. DTC distribution of content has contributed to consumers eliminating or downgrading their pay television subscription, which results in certain consumers not receiving our programming networks. If we are unable to offset this loss of subscribers through incremental distribution of our networks (including through MSG Networks’ own DTC offering) or through rate increases or other revenue opportunities, our business and results of operations will be adversely affected. Gaming, television and other console and device manufacturers, Distributors and others, such as Microsoft, Apple and Roku, are offering and/or developing technology to offer video programming, including in some cases, various DTC platforms.

Such changes have impacted and may continue to impact the revenues we are able to generate from our traditional distribution methods, by decreasing the viewership of our programming networks and/or by making advertising on our programming networks less valuable to advertisers.

In order to respond to these developments, we have in the past needed, and may in the future need, to implement changes to our business models and strategies and there can be no assurance that any such changes will prove to be successful or that the business models and strategies we develop will be as profitable as our current business models and strategies. For example, in January 2023, we introduced MSG SportsZone, a FAST channel, and, in June 2023, we launched our DTC product, MSG+, but there can be no assurance that we will successfully execute our strategy for such offering. Our DTC offering represents a new consumer offering for which we have limited prior experience and we may not be able to successfully predict the demand for such DTC product or the impact such DTC product may have on our traditional distribution business, if any, including with respect to renewals of our affiliation agreements with Distributors. In addition, the success of our DTC product may depend on a number of factors, including our ability to: (i) acquire and maintain DTC rights from the professional sports teams and/or leagues we currently air on our networks; (ii) appropriately price our offering; (iii) offer competitive content and programming; and (iv) ensure our DTC technology operates efficiently. If we fail to adapt to emerging technologies, our appeal to Distributors and our targeted audiences might decline, which could have a material adverse impact on our business and results of operations.

***If the Rate of Decline in the Number of Subscribers to Traditional MVPD Services Continues or These Subscribers Shift to Other Services or Bundles That Do Not Include the Company’s Programming Networks, There May Be a Material Negative Effect on the Company’s Distribution Revenues.***

During the last few years, the number of subscribers to traditional MVPD services in the U.S. has been declining. In addition, Distributors have introduced, marketed and/or modified tiers or bundles of programming that have impacted the number of subscribers that receive our programming networks, including tiers or bundles of programming that exclude our programming networks, and may continue to do so in the future. As a result of these factors, the Company has experienced a decrease in subscribers in each of the last several fiscal years, which has adversely affected our operating results.

If traditional MVPD service offerings are not attractive to consumers due to pricing, increased competition from DTC and other services, dissatisfaction with the quality of traditional MVPD services, poor economic conditions or other factors, more consumers may (i) cancel their traditional MVPD service subscriptions or choose not to subscribe to traditional MVPD services, (ii) elect to instead subscribe to DTC services, which in some cases may be offered at a lower price-point and may not include our programming networks or (iii) elect to subscribe to smaller bundles of programming which may not include our programming networks. If the rate of decline in the number of traditional MVPD service subscribers continues or if subscribers shift to DTC services or smaller bundles of programming that do not include the Company’s programming networks, this may have a material negative effect on the Company’s revenues.

***We Derive Substantial Revenues From the Sale of Advertising and Those Revenues Are Subject to a Number of Factors, Many of Which Are Beyond Our Control.***

Advertising revenues depend on a number of factors, many of which are beyond our control, such as: (i) team performance; (ii) whether live sports games are being played and the number of live games available for telecast on our programming networks; (iii) the popularity of our programming; (iv) the activities of our competitors, including increased competition from other forms of advertising-based media (such as Internet, mobile media, other programming networks, radio and print media) and an increasing shift of advertising expenditures to digital and mobile offerings; (v) shifts in consumer viewing patterns, including consumers watching more ad-free content, non-traditional and shorter-form video content online, and the increased use of ad skipping functionality; (vi) increasing audience fragmentation caused by increased availability of alternative forms of leisure and entertainment activities, such as social networking platforms and video games; (vii) consumer budgeting and buying patterns; (viii) the extent of the distribution of our networks; (ix) changes in the audience demographic for our programming; (x) the ability of third parties to successfully and accurately measure audiences due to changes in emerging technologies and otherwise; (xi) the health of the economy in the markets our businesses serve and in the nation as a whole; and (xii) general economic trends in the advertising industry. A decline in the economic prospects of advertisers or the economy in general has in the past altered, and could in the future alter, current or prospective advertisers' spending priorities, which could cause our revenues and operating results to decline significantly in any given period. Even in the absence of a general recession or downturn in the economy, an individual business sector that tends to spend more on advertising than other sectors may be forced to reduce its advertising expenditures if that sector experiences a downturn. In such case, a reduction in advertising expenditures by such a sector may adversely affect our revenues. See "—Operational and Economic Risks—Our Operations and Operating Results Have Been, and May in the Future Be, Materially Impacted by a Pandemic or Another Public Health Emergency, Such as the COVID-19 Pandemic.

The pricing and volume of advertising has been affected by shifts in spending away from more traditional media toward online and mobile offerings or towards new ways of purchasing advertising, such as through automated purchasing, dynamic advertising insertion, third parties selling local advertising spots and advertising exchanges, some or all of which may not be as advantageous to the Company as current advertising methods.

In addition, we cannot ensure that our programming will achieve favorable ratings. Our ratings depend partly upon unpredictable and volatile factors, many of which are beyond our control, such as team performance, whether live sports games are being played, viewer preferences, the level of distribution of our programming, competing programming and the availability of other entertainment options. A shift in viewer preferences could cause our advertising revenues to decline as a result of changes to the ratings for our programming and materially negatively affect our business and results of operations.

***Our MSG Networks Business Depends on Media Rights Agreements With Professional Sports Teams That Have Varying Durations and Terms and Include Significant Obligations, and Our Inability to Renew Those Agreements on Acceptable Terms, or the Loss of Such Rights for Other Reasons, May Have a Material Negative Effect on Our MSG Networks Business and Results of Operations.***

Our MSG Networks business is dependent upon media rights agreements with professional sports teams. Our existing media rights agreements are multi-year. Upon expiration, we may seek renewal of these agreements and, if we do, we may be outbid by competing programming networks or others for these agreements or the renewal costs could substantially exceed our costs under the current agreements. In addition, one or more of these teams may seek to establish their own programming offering or join one of our competitor's offerings and, in certain circumstances, we may not have an opportunity to bid for the media rights.

Even if we are able to renew such media rights agreements, the Company's results could be adversely affected if our obligations under our media rights agreements prove to be outsized relative to the revenues our MSG Networks segment is able to generate. Our media rights agreements with professional sports teams have varying terms and include significant obligations, which increase annually, without regard to the number of subscribers to our programming networks or the level of our affiliation and/or advertising revenues. If we are not able to generate sufficient revenues, including due to a loss of any of our significant Distributors or failure to renew affiliation agreements on terms as attractive as our existing agreements, we may be unable to renew media rights agreements on acceptable terms, or to perform our obligations under our existing media rights agreements, which could lead to a default under those agreements and the potential loss of such media rights, which could materially negatively affect our business and results of operations. In recent years, certain regional sports networks have experienced financial difficulties. For example, Diamond Sports Group, LLC, an unconsolidated subsidiary of Sinclair Broadcast Group, Inc., which licenses and distributes sports content in a number of regional markets, filed for protection under Chapter 11 of the bankruptcy code in March 2023. As a result, certain of Diamond Sports Group's media rights agreements have either been rejected in connection with the bankruptcy proceedings or have expired without renewal. For example, Diamond Sports Group has ended its media rights agreements with a number of NHL, NBA and Major League Baseball teams, including the Phoenix Suns and the Dallas Stars.

Moreover, the value of our media rights agreements may also be affected by various league decisions and/or league agreements that we may not be able to control, including a decision to alter the number of games played during a season or the number of team games that can be selected by national broadcasters (which could reduce the number of games available for exclusive broadcast by our networks). The value of our media rights could also be affected, or we could lose such rights entirely, if a team is liquidated, undergoes reorganization in bankruptcy or relocates to an area where it is not possible or commercially feasible for us to continue to distribute games. Any loss or diminution in the value of rights could impact the extent of the sports coverage offered by us and could materially negatively affect our business and results of operations. In addition, our affiliation agreements generally include certain remedies in the event our networks fail to include a minimum number of professional event telecasts, and, accordingly, any loss of rights could materially negatively affect our business and results of operations. See “—*The Success of Our MSG Networks Business Depends on Affiliation Fees We Receive Under Our Affiliation Agreements, the Loss of Which or Renewal of Which on Less Favorable Terms May Have a Material Negative Effect on Our Business and Results of Operations*” and “—*The Actions of the NBA and NHL May Have a Material Negative Effect on Our MSG Networks Business and Results of Operations.*”

***The Actions of the NBA and NHL May Have a Material Negative Effect on Our MSG Networks Business and Results of Operations.***

The governing bodies of the NBA and the NHL have imposed, and may impose in the future, various rules, regulations, guidelines, bulletins, directives, policies and agreements (collectively, “League Rules”) that we may not be able to control, which could affect the value of our media rights agreements, including a decision to alter the number of games played during a season or the number of team games that can be selected by national broadcasters (which could reduce the number of games available for exclusive broadcast by our networks). For example, due to the COVID-19 pandemic and related government actions, decisions made by the NBA and NHL affected, and in the future could affect, our ability to produce and distribute live sports games on our networks. See “—Operational and Economic Risks—*Our Operations and Operating Results Have Been, and May in the Future Be, Materially Impacted by a Pandemic or Another Public Health Emergency, Such as the COVID-19 Pandemic.*” In addition, in July 2024, the NBA finalized new national media rights arrangements, which beginning with the 2025-26 NBA season, increase the number of team games that can be selected by national broadcasters (which could reduce the number of games available for exclusive broadcast by our networks). Each league also imposes rules that define the territories in which we may distribute games of the teams in the applicable league. Changes to these rules or other League Rules, or the adoption of new League Rules, could have a material negative effect on our business and results of operations.

***Our MSG Networks Business is Substantially Dependent on the Popularity of the NBA and NHL Teams Whose Media Rights We Control.***

Our MSG Networks segment has historically been, and we expect will continue to be, dependent on the popularity of the NBA and NHL teams whose local media rights we control and, in varying degrees, those teams achieving on-court and on-ice success, which can generate fan enthusiasm, resulting in increased viewership and advertising revenues. Furthermore, success in the regular season may qualify a team for participation in the post-season, which generates increased excitement and interest in the teams, which can improve viewership and advertising revenues.

Some of our teams have not participated in the post-season for extended periods of time, and may not participate in the post-season in the future. For example, the Sabres have not qualified for the post-season since the 2010-11 NHL season. In addition, if a team declines in popularity or fails to generate fan enthusiasm, this may negatively impact the terms on which our affiliate agreements are renewed. There can be no assurance that any sports team will generate fan enthusiasm or compete in post-season play and the failure to do so could result in a material negative effect on our business and results of operations.

***Our MSG Networks Business Depends on the Appeal of Its Programming, Which May Be Unpredictable, and Increased Programming Costs May Have a Material Negative Effect on Our Business and Results of Operations.***

Our MSG Networks business depends, in part, upon viewer preferences and audience acceptance of the programming on our networks. These factors are often unpredictable and subject to influences that are beyond our control, such as the quality and appeal of competing programming, general economic conditions and the availability of other entertainment options. We may not be able to successfully predict interest in proposed new programming and viewer preferences could cause new programming not to be successful or cause our existing programming to decline in popularity. If our programming does not gain or maintain the level of audience acceptance we, our advertisers, or Distributors expect, it could negatively affect advertising or affiliation fee revenues.

In addition, we rely on third parties for sports and other programming for our networks. We compete with other providers of programming to acquire the rights to distribute such programming. If we fail to continue to obtain sports and other programming for our networks on reasonable terms for any reason, including as a result of competition, we could be forced to incur additional costs to acquire such programming or look for or develop alternative programming. An increase in our costs associated with programming, which may include third-party costs to acquire programming and/or production costs for original programming, may materially negatively affect our business and results of operations.

***The Unavailability of Third Party Facilities, Systems and/or Software Upon Which Our MSG Networks Business Relies May Have a Material Negative Effect on Our Business and Results of Operations.***

During Fiscal Year 2023, our MSG Networks business completed a transition of its signal transmission method from satellite delivery to a terrestrial, internet-protocol based transmission method, which uses third-party IP-based fiber transmission systems to transmit our programming services to Distributors. Notwithstanding certain back-up and redundant systems and facilities maintained by our third-party providers, transmissions or quality of transmissions may be disrupted, including as a result of events that may impair such terrestrial transmission facilities.

In addition, we are party to an agreement with AMC Networks Inc. (“AMC Networks”), pursuant to which AMC Networks provides us with certain origination, master control and technical services which are necessary to distribute our programming networks. If a disruption occurs, we may not be able to secure alternate distribution facilities in a timely manner. In addition, such distribution facilities and/or internal or third-party services, systems or software could be adversely impacted by cybersecurity threats including unauthorized breaches. See “—Risks Related to Cybersecurity and Intellectual Property—*We Face Continually Evolving Cybersecurity and Other Technology-Related Risks, Which Could Result in Loss, Disclosure, Theft, Destruction or Misappropriation of, or Access to, Our Confidential Information and Cause Disruption of Our Business, Damage to Our Brands and Reputation, Legal Exposure and Financial Losses.*” The failure or unavailability of distribution facilities or these internal and third-party services, systems or software, depending upon its severity and duration, could have a material negative effect on our business and results of operations.

**Risks Related to Our Indebtedness, Financial Condition, and Internal Control**

***We Have Substantial Indebtedness and Are Highly Leveraged, Which Could Adversely Affect Our Business.***

We are highly leveraged with a significant amount of debt and we may continue to incur additional debt in the future. As of June 30, 2024, the principal balance of our consolidated debt outstanding was approximately \$1.4 billion, \$849 million of which is due prior to June 30, 2025 and is classified as short-term on our condensed consolidated balance sheets. As a result of our indebtedness, we are required to make interest and principal payments on our borrowings that are significant in relation to our revenues and cash flows. These payments reduce our earnings and cash available for other potential business purposes. Furthermore, our interest expense could increase if interest rates increase (including in connection with rising inflation) because our indebtedness bears interest at floating rates or to the extent we have to refinance existing debt with higher cost debt.

In September 2019, certain subsidiaries of MSG Networks Inc., including MSGN Holdings L.P. (“MSGN L.P.”), entered into a credit facility consisting of an initial five-year \$1.1 billion term loan facility and a five-year \$250 million revolving credit facility (the “MSG Networks Credit Facilities”). The outstanding borrowings under the MSG Networks Credit Facilities are due at maturity on October 11, 2024. The MSG Networks Credit Facilities are the obligations of our indirect subsidiaries MSGN L.P., MSGN Eden, LLC, Regional MSGN Holdings LLC and certain subsidiaries of MSGN L.P., and none of the Company, Sphere Entertainment Group or any of the subsidiaries of Sphere Entertainment Group (collectively, the “Non-Credit Parties”) are party to the MSG Networks Credit Facilities.

On December 22, 2022, MSG Las Vegas, LLC (“MSG LV”), entered into a credit agreement providing for a five-year, \$275 million senior secured term loan facility (the “LV Sphere Term Loan Facility”). All obligations under the LV Sphere Term Loan Facility are guaranteed by Sphere Entertainment Group. None of the Company, MSG Networks Inc., MSGN L.P., or any of the subsidiaries of MSGN L.P are parties to the LV Sphere Term Loan Facility.

On December 8, 2023, the Company completed a private unregistered offering (the “Offering”) of approximately \$259 million in aggregate principal amount of its 3.50% Convertible Senior Notes due 2028 (the “3.50% Convertible Senior Notes”).

Our ability to have sufficient liquidity to fund our operations and refinance our indebtedness is dependent on the ability of Sphere to generate significant positive cash flow. There can be no assurance that guests, artists, promoters, advertisers and marketing partners will continue to embrace this new platform and that Sphere will generate revenue and adjusted operating income in line with our expectations. Original immersive productions, such as *Postcard From Earth*, have not been previously pursued on the scale of Sphere, which increases the uncertainty of our operating expectations. To the extent that our efforts do not result in viable shows, or to the extent that any such productions do not achieve expected levels of popularity among audiences, we may not generate the cash flows from operations necessary to fund our operations. Our future operating performance, to a certain extent, is subject to general economic conditions, recession, fears of recession, financial, competitive, regulatory and other factors that are beyond our control. To the extent we do not realize expected cash flows from operations from Sphere, we would have to take several actions to improve our financial flexibility and preserve liquidity, including significant reductions in both labor and non-labor expenses as well as reductions and/or deferrals in capital spending. Therefore, while we currently believe we will have sufficient liquidity from cash and cash equivalents and cash flows from operations (including expected cash flows from operations from Sphere) to fund our operations and, at a minimum, make a required quarterly amortization payment of \$20.6 million on the MSG Networks Credit Facilities, no assurance can

be provided that our liquidity will be sufficient in the event any of the preceding uncertainties facing Sphere are realized over the next 12 months.

In addition, our ability to make payments on, or repay or refinance, our debt, and to fund our operating and capital expenditures, also depends upon our ability to access the credit markets. If we are unable to generate sufficient cash flow to service our debt and meet our other commitments, we may need to refinance all or a portion of our debt, sell material assets or operations, or raise additional debt or equity capital, which may be dilutive to our stockholders. We cannot provide assurance that we could effect any of these actions on a timely basis, on commercially reasonable terms or at all, or that these actions would be sufficient to meet our capital requirements. In addition, the terms of our existing or future debt agreements may restrict us from effecting certain or any of these alternatives.

Even if our future operating performance is strong, limitations on our ability to access the capital or credit markets, including as a result of general economic conditions, unfavorable terms or general reductions in liquidity may adversely and materially impact our business, financial condition, and results of operations.

The failure to satisfy the covenants, including any inability to attain a covenant waiver and other requirements under each credit agreement could trigger a default thereunder, acceleration of outstanding debt thereunder and, with respect to the LV Sphere Term Loan Facility, a demand for payment under the guarantee provided by Sphere Entertainment Group. Additionally, the LV Sphere Term Loan Facility and the MSG Networks Credit Facilities (together, the “Credit Facilities”) each restrict MSG LV and MSGN L.P., respectively, from making cash distributions to us unless certain financial covenants are met. Any failure to satisfy the covenants under our Credit Facilities could negatively impact our liquidity and could have a negative effect on our businesses.

The terms of the indenture governing the 3.50% Convertible Senior Notes do not restrict us from incurring additional indebtedness, including secured indebtedness. As of June 30, 2024, (i) the principal balance of the Company’s indebtedness (excluding subsidiaries) was approximately \$258.8 million under the 3.50% Convertible Senior Notes and (ii) the principal balance of indebtedness of the Company’s subsidiaries was \$1.125 billion, all of which is senior secured indebtedness. In addition, as of June 30, 2024, MSGN L.P. had the ability to utilize approximately \$113 million of its \$250.0 million revolving credit facility and not have been in violation of the terms of the MSG Networks Credit Facilities. The ability of MSGN L.P. to draw on its revolving credit facilities will depend on its ability to meet certain financial covenants and other conditions. This leverage also exposes us to significant risk by limiting our flexibility in planning for, or reacting to, changes in our business (whether through competitive pressure or otherwise), the entertainment and video programming industries and the economy at large. Although our cash flows could decrease in these scenarios, our required payments in respect of indebtedness would not decrease.

In addition, the indenture governing the 3.50% Convertible Senior Notes does not place any limitations on our ability to incur debt or create liens securing indebtedness. If we incur secured indebtedness and such secured indebtedness is either accelerated or becomes subject to a bankruptcy, liquidation or reorganization, our assets would be used to satisfy obligations with respect to the indebtedness secured thereby before any payment could be made on the 3.50% Convertible Senior Notes that are not similarly secured.

The indenture governing the 3.50% Convertible Senior Notes also does not restrict our subsidiaries from incurring additional debt, which would be structurally senior to the 3.50% Convertible Senior Notes. If new debt or other liabilities are added to our current debt levels, the related risks that we now face could intensify. Our Credit Facilities restrict the ability of our subsidiaries to incur additional indebtedness, including secured indebtedness, but if the facilities mature or are repaid, our subsidiaries may not be subject to such restrictions under the terms of any subsequent indebtedness.

As described under “Part II — Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources” in this Annual Report on Form 10-K, while the conditions with respect to the MSG Networks Credit Facilities raise substantial doubt about the Company’s ability to continue as a going concern, for the reasons stated under Note 2. Accounting Policies — Liquidity and Going Concern, to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K with respect to the lenders’ recourse under the MSG Networks Credit Facilities, we have concluded that the conditions raising substantial doubt about the Company’s ability to continue as a going concern have been effectively alleviated as of the date of this Annual Report on Form 10-K, and that the Company would be able to continue as a going concern for at least one year beyond the date of issuance of the condensed consolidated financial statements included in this Annual Report on Form 10-K. Management will conduct its review of the Company’s ability to continue as a going concern prior to issuing the Company’s financial statements after each quarterly or annual period. There can be no assurances that we will be able to continue to effectively alleviate the conditions with respect to the Company’s ability to continue to be a going concern in the future.

In addition, we have made investments in, or otherwise extended loans to, one or more businesses that we believe complement, enhance or expand our current business or that might otherwise offer us growth opportunities and may make additional investments in, or otherwise extend loans to, one or more of such parties in the future. For example, we had previously invested in and extended financing to Holoplot in connection with Sphere’s advanced audio system, and on April 25, 2024, we completed the acquisition of the remaining equity interest in Holoplot that we did not previously own. To the extent that such parties do not perform as expected,

including with respect to repayment of such loans, it could impair such assets or create losses related to such loans, and, as a result, have a negative effect on our business and results of operations.

***Although MSG Networks Is Pursuing a Work-out of Its Credit Facilities, There Can Be No Assurances That It Will Be Successful; Any Refinancing May Require an Equity Contribution by Sphere Entertainment Group to MSG Networks and, Even if a Refinancing is Successfully Consummated, It May Be on Terms Materially Less Favorable to MSG Networks Than the Current Terms.***

As of June 30, 2024, the principal balance of debt outstanding under the MSG Networks Credit Facilities was approximately \$849.8 and is classified as short-term on our condensed consolidated balance sheets. Under the terms of the MSG Networks Credit Facilities, a \$20.6 million required quarterly amortization payment is due between June 30, 2024 and maturity and the remaining outstanding borrowings under the facility of \$829.1 million are due at maturity on October 11, 2024.

MSG Networks will be unable to generate sufficient operating cash flows to settle the remaining outstanding borrowings under the MSG Networks Credit Facilities when they become due absent action taken by management to refinance the outstanding borrowings. As of the issuance date of the accompanying consolidated financial statements for the year ended June 30, 2024, MSG Networks has not been able to finalize a refinancing of the MSG Networks Credit Facilities with its existing syndicate of lenders. Consequently, MSG Networks has decided to pursue a refinancing through a work-out of the MSG Networks Credit Facilities with its existing syndicate of lenders.

If a refinancing of the outstanding borrowings under the MSG Networks Credit Facilities is successfully consummated, through a work-out or otherwise, it is expected to require a cash equity contribution from Sphere Entertainment Group to MSG Networks. In addition, such refinancing may be on terms that are materially less favorable to MSG Networks than the current terms, including providing for covenants for the benefit of existing or new lenders that materially restrict the business of MSG Networks. A refinancing may also require MSG Networks, Sphere Entertainment Co. and/or their respective subsidiaries to make concessions as a condition to the refinancing, which may have an adverse effect on their respective businesses, operating results and financial condition.

***Although MSG Networks Is Pursuing a Work-out of Its Credit Facilities, There Can Be No Assurances That It Will Be Successful; If MSG Networks Is Unable to Refinance the MSG Networks Credit Facilities Through a Work-Out or Otherwise, the Outstanding Debt Thereunder Could Be Accelerated and the Lenders Could Foreclose Upon the MSG Networks Business.***

MSG Networks will be unable to generate sufficient operating cash flows to settle the remaining outstanding borrowings under the MSG Networks Credit Facilities when they become due absent action taken by management to refinance the outstanding borrowings. As of the issuance date of the accompanying consolidated financial statements for the year ended June 30, 2024, MSG Networks has not been able to finalize a refinancing of the MSG Networks Credit Facilities with its existing syndicate of lenders. Consequently, MSG Networks has decided to pursue a refinancing through a work-out of the MSG Networks Credit Facilities with its existing syndicate of lenders.

In the event MSG Networks is unable to successfully refinance the MSG Networks Credit Facilities through a work-out or otherwise, the lenders would have the right to exercise their remedies under the MSG Networks Credit Facilities, which would include, but not be limited to, declaring an event of default and foreclosing on the MSG Networks business. In the event of an exercise of post-default rights or remedies, the Company believes the lenders would have no remedies or recourse against the Non-Credit Parties pursuant to the terms of the MSG Networks Credit Facilities. MSG Networks and its subsidiaries may also decide to seek bankruptcy protection prior to the lenders exercising their rights. If lenders exercise remedies or foreclose on the MSG Networks business, or if MSG Networks decides to seek bankruptcy protection, Sphere Entertainment Co. may no longer be entitled to any value in, or results of operations from, the MSG Networks business.

***The Terms of Our Indebtedness Outstanding from Time to Time, Including Our Credit Facilities, Will Restrict Our Current and Future Operations, Particularly Our Ability to Respond to Changes or to Take Certain Actions.***

The Credit Facilities contain, and future credit facilities are expected to contain, a number of restrictive covenants that impose significant operating and financial restrictions on certain of our subsidiaries and may limit our ability to respond to changes in our business or competitive activities, or to otherwise engage in acts that may be in our long-term best interest, including restrictions on our subsidiaries' ability to:

- incur indebtedness;
- incur liens;
- make investments;
- sell and/or otherwise dispose of assets;
- engage in transactions with affiliates;

- make certain restricted payments;
- enter into certain restrictive agreements;
- enter into sale-leaseback agreements;
- enter into certain swap agreements;
- change our line of business;
- prepay and/or modify the terms of certain indebtedness; and
- consolidate, merge or sell all or substantially all of our assets.

In addition, the restrictive covenants in the Credit Facilities require certain of our subsidiaries to maintain specified financial ratios and satisfy other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we may be unable to meet them.

A breach of the covenants or restrictions under the Credit Facilities or our other indebtedness outstanding from time to time could result in an event of default under the applicable indebtedness.

These restrictions may affect our ability to grow in accordance with our strategy. In addition, our financial results and our substantial indebtedness could adversely affect the availability and terms of our financing.

***Our Variable Rate Indebtedness Subjects Us to Interest Rate Risk, Which Has Caused, and May Continue to Cause, Our Debt Service Obligations to Increase Significantly.***

Borrowings under our facilities are at variable rates of interest and expose us to interest rate risk. Interest rates have increased significantly (including in connection with rising inflation), and, as a result, our debt service obligations on our variable rate indebtedness have increased significantly even though the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, have correspondingly decreased. Further increases in interest rates will cause additional increases in our debt service obligations. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

***We May Not Have the Ability to Raise the Funds Necessary to Settle Conversions of the 3.50% Convertible Senior Notes or to Repurchase the 3.50% Convertible Senior Notes Upon a Fundamental Change.***

Holders of the 3.50% Convertible Senior Notes will have the right to require us to repurchase their notes upon the occurrence of a fundamental change (as defined in the Indenture) at a purchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, to, but not including, the fundamental change repurchase date (as defined in the Indenture). In addition, we will be required to make cash payments in respect of the 3.50% Convertible Senior Notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make purchases of notes surrendered therefor or notes being converted. In addition, our ability to repurchase the notes or to pay cash upon conversion of the notes is limited by the agreements governing our existing indebtedness (including the Credit Facilities) and may also be limited by law, by regulatory authority or by agreements that will govern our future indebtedness. Our failure to repurchase 3.50% Convertible Senior Notes at a time when the repurchase is required by the Indenture or to pay cash payable on future conversions of the 3.50% Convertible Senior Notes as required by the Indenture would constitute a default under the Indenture.

A default under the Indenture or the fundamental change itself could also lead to a default under agreements governing our existing or future indebtedness (including the Credit Facilities). If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the 3.50% Convertible Senior Notes or make cash payments upon conversion thereof.

***The Conditional Conversion Feature of the 3.50% Convertible Senior Notes, If Triggered, May Adversely Affect Our Financial Condition and Operating Results.***

In the event the conditional conversion feature of the 3.50% Convertible Senior Notes is triggered, holders of 3.50% Convertible Senior Notes will be entitled to convert the 3.50% Convertible Senior Notes at any time during specified periods at their option. If one or more holders elect to convert their 3.50% Convertible Senior Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A Common Stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their 3.50% Convertible Senior Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 3.50% Convertible Senior Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

***The Fundamental Change Repurchase Feature of the 3.50% Convertible Senior Notes May Delay or Prevent an Otherwise Beneficial Attempt to Effect a Change of Control of Our Company.***

The terms of the 3.50% Convertible Senior Notes require us to repurchase the 3.50% Convertible Senior Notes in the event of a fundamental change. A change of control of our company would trigger an option of the holders of the 3.50% Convertible Senior Notes, as applicable, to require us to repurchase the 3.50% Convertible Senior Notes. This may have the effect of delaying or preventing a change of control of our company that would otherwise be beneficial to our stockholders.

***The Capped Call Transactions May Affect the Value of the 3.50% Convertible Senior Notes and Our Class A Common Stock.***

In connection with the pricing of the 3.50% Convertible Senior Notes, we entered into privately negotiated capped call transactions with hedge counterparties. The capped call transactions cover, subject to customary anti-dilution adjustments substantially similar to those applicable to the 3.50% Convertible Senior Notes, the same number of shares of Class A Common Stock that will initially underlie the notes. The capped call transactions are expected generally to reduce potential dilution to our Class A Common Stock and/or offset potential cash payments we are required to make in excess of the principal amount of converted notes, in each case, upon any conversion of notes, with such reduction and/or offset subject to a cap. If the market price per share of our Class A Common Stock, as measured under the terms of the capped call transactions, exceeds the cap price of the capped call transactions, there would nevertheless be dilution and/or there would not be an offset of such potential cash payments, in each case, to the extent that such market price exceeds the cap price of the capped call transactions. In addition, to the extent any observation period for any converted notes does not correspond to the period during which the market price of our Class A Common Stock is measured under the terms of the capped call transactions, there could also be dilution and/or a reduced offset of any such cash payments as a result of the different measurement periods.

The hedge counterparties (and/or their respective affiliates) may modify their hedge positions by entering into or unwinding various derivatives with respect to our Class A Common Stock and/or purchasing or selling our Class A Common Stock or other securities of ours in secondary market transactions prior to the maturity of the 3.50% Convertible Senior Notes (and are likely to do so, to the extent we exercise the relevant election under the capped call transactions, following any repurchase, redemption or conversion of the notes (whether upon a fundamental change or otherwise)). The effect, if any, of these activities on the market price of our Class A Common Stock or the 3.50% Convertible Senior Notes will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could cause or prevent an increase or a decline in the market price of our Class A Common Stock or the 3.50% Convertible Senior Notes, which could affect the ability of holders to convert the notes and, to the extent the activity occurs following conversion or during any observation period related to a conversion of notes, it could affect the amount of cash and/or the number and value of shares of our Class A Common Stock holders receive upon conversion of the 3.50% Convertible Senior Notes.

***We Are Subject to Counterparty Risk With Respect to the Capped Call Transactions, and the Capped Call Transactions May Not Operate as Planned.***

The Company used approximately \$14.3 million of the net proceeds from the offering of the 3.50% Convertible Senior Notes to fund the cost of entering into capped call transactions with certain of the initial purchasers of the 3.50% Convertible Senior Notes or their respective affiliates and other financial institutions, pursuant to capped call confirmations. The hedge counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the capped call transactions.

Our exposure to the credit risk of the hedge counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If a hedge counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the capped call transactions with such hedge counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated with an increase in the market price and the volatility of our Class A Common Stock. In addition, upon a default by a hedge counterparty, we may suffer more dilution than we currently anticipate with respect to our Class A Common Stock. We can provide no assurances as to the financial stability or viability of the hedge counterparties.

***We May Require Additional Financing to Fund Certain of Our Obligations, Ongoing Operations, and Capital Expenditures, the Availability of Which Is Uncertain.***

The capital and credit markets can experience volatility and disruption. Those markets can exert extreme downward pressure on stock prices and upward pressure on the cost of new debt capital and can severely restrict credit availability for most issuers. For example, the global economy, including credit and financial markets, has recently experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, rising interest and inflation rates, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. If the equity and credit markets continue to deteriorate, or the United States enters a recession, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favorable terms, more costly or more dilutive.

Our Sphere business has been characterized by significant expenditures for properties, businesses, renovations and productions. We may require additional financing to fund our planned capital expenditures, as well as other obligations and our ongoing operations. In the future, we may engage in transactions that depend on our ability to obtain funding. For example, as we extend Sphere beyond Las Vegas, our intention is to utilize several options, such as joint ventures, equity partners, a managed venue model and non-recourse debt financing. There is no assurance that we will be able to successfully complete these plans.

Depending upon conditions in the financial markets and/or the Company's financial performance, we may not be able to raise additional capital on favorable terms, or at all. If we are unable to pursue our current and future spending programs, we may be forced to cancel or scale back those programs. Failure to successfully pursue our capital expenditure and other spending plans could negatively affect our ability to compete effectively and have a material negative effect on our business and results of operations.

***We Have Incurred Substantial Operating Losses, Adjusted Operating Losses and Negative Cash Flow and There is No Assurance We Will Have Operating Income, Adjusted Operating Income or Positive Cash Flow in the Future.***

We incurred operating losses of approximately \$341 million, \$273 million and \$166 million for Fiscal Years 2024, 2023 and 2022, respectively. We expect these significant operating losses to continue. In addition, we have in prior periods incurred operating losses and negative cash flow. There is no assurance that we will have operating income, adjusted operating income, or positive cash flow in the future. Significant operating losses may limit our ability to raise necessary financing, or to do so on favorable terms, as such losses could be taken into account by potential investors and lenders.

***We Are Required to Assess Our Internal Control Over Financial Reporting on an Annual Basis and Our Management Identified a Material Weakness During Fiscal Year 2022, Which Has Now Been Remediated. If We Identify Other Material Weaknesses or Adverse Findings in the Future, Our Ability to Report Our Financial Condition or Results of Operations Accurately or Timely May Be Adversely Affected, Which May Result in a Loss of Investor Confidence in Our Financial Reports, Significant Expenses to Remediate Any Internal Control Deficiencies, and Ultimately Have an Adverse Effect on the Market Price of Our Class A Common Stock and the Value of the 3.50% Convertible Senior Notes.***

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended, our management is required to report on, and our independent registered public accounting firm is required to attest to, the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. If we fail to maintain the adequacy of our internal control over financial reporting, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. If we fail to achieve and maintain an effective internal control environment, we could suffer misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could result in significant expenses to remediate any internal control deficiencies and lead to a decline in our stock price.

Subsequent to the filing of the Fiscal Year 2021 Form 10-K, management of the Company evaluated an immaterial accounting error related to interest costs that should have been capitalized for Sphere in Las Vegas in Fiscal Years 2021, 2020 and 2019 and in the fiscal quarter ended September 30, 2021, as prescribed by Accounting Standards Codification Topic 835-20 (Capitalization of Interest). As a result of the accounting error, the Company re-evaluated the effectiveness of the Company's internal control over financial reporting and identified a material weakness as of June 30, 2021, September 30, 2021, December 31, 2021 and March 31, 2022. We undertook certain remediation efforts by implementing additional controls which were operating effectively as of June 30, 2022, and as a result, our management concluded that the material weakness has been remediated and our internal control over financial reporting was effective as of June 30, 2022. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis.

Our management may be unable to conclude in future periods that our disclosure controls and procedures are effective due to the effects of various factors, which may, in part, include unremediated material weaknesses in internal controls over financial reporting. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in those reports is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. In addition, we may not be able to identify and remediate other control deficiencies, including material weaknesses, in the future.

## Operational and Economic Risks

### ***Our Businesses Face Intense and Wide-Ranging Competition That May Have a Material Negative Effect on Our Business and Results of Operations.***

Our businesses compete, in certain respects and to varying degrees, for guests, advertisers and viewers with other leisure-time activities and entertainment options such as television, radio, motion pictures, sporting events, music festivals and other live performances, restaurants and nightlife venues, the Internet, social media and social networking platforms, and online and mobile services, including sites for online content distribution, video on demand and other alternative sources of entertainment and information, in addition to competing for concerts, residencies and performances with other event venues (including future venues and arenas) for total entertainment dollars in our marketplace.

*Sphere business.* The success of our Sphere business is largely dependent on the success of The Sphere Experience, which features first-of-its-kind immersive productions that can run multiple times per day, year-round and are designed to utilize the full breadth of the venue's next-generation technologies. The Sphere Experience employs novel and transformative technologies for which there is no established basis of comparison, and there is an inherent risk that we may be unable to achieve the level of success we are expecting, which could have a material negative impact on our business and results of operations. Additionally, our Sphere business is also dependent on our ability to continue to attract advertisers and marketing partners and we compete with other venues and companies for signage and digital advertising dollars. The degree and extent of competition for advertising dollars will depend on our pricing, reach and audience demographics, among others. Should the popularity of The Sphere Experience or our advertising assets not meet our expectations, our revenues from ticket sales, concession and merchandise sales and advertising would be adversely affected, and we might not be able to replace the lost revenue with revenues from other sources. As a result of any of the foregoing, we may not be able to generate sufficient revenues to cover our costs, which could adversely impact our business and results of operations and the price of our Class A Common Stock and the value of the 3.50% Convertible Senior Notes.

In addition, our Sphere business is highly sensitive to customer tastes and depends on our ability to continue to attract concert residencies, marquee sporting events, corporate and other events to our venue, competition for which is intense, and in turn, the ability of performers to attract strong attendance. For example, Sphere competes with other entertainment options in the Las Vegas area, which is a popular entertainment destination.

While the Company believes that these next-generation venues enable new experiences and innovative opportunities to engage with audiences, there can be no assurance that guests, artists, promoters, advertisers and marketing partners will continue to embrace this new platform. We contract with promoters and others to provide performers and events at Sphere and Sphere grounds. There may be a limited number of popular artists, groups or events that are willing to take advantage of the immersive experiences and next generation technologies (which cannot be re-used in other venues) or that can attract audiences to Sphere, and our business would suffer to the extent that we are unable to attract such artists, groups and events willing to perform at our venue.

In addition, we must maintain a competitive pricing structure for events that may be held at Sphere, many of which may have alternative venue options available to them in Las Vegas and other cities. We have and may continue to invest a substantial amount in The Sphere Experience to continue to attract audiences. We cannot assure you that such investments will generate revenues that are sufficient to justify our investment or even that exceed our expenses.

*MSG Networks business.* Our MSG Networks business competes, in certain respects and to varying degrees, for viewers and advertisers with other programming networks, pay-per-view, video-on-demand, online streaming and on-demand services and other content offered by Distributors and others. Additional companies, some with significant financial resources, continue to enter or are seeking to enter the video distribution market either by offering DTC streaming services or selling devices that aggregate viewing of various DTC services, which continues to put pressure on an already competitive landscape. We also compete for viewers and advertisers with content offered over the Internet, social media and social networking platforms, mobile media, radio, motion picture, home video and other sources of information and entertainment and advertising services. Important competitive factors are the prices we charge for our programming networks, the quantity, quality (in particular, the performance of the sports teams whose media rights we control), the variety of the programming offered on our networks, and the effectiveness of our marketing efforts.

New or existing programming networks that are owned by or affiliated with broadcast networks such as NBC, ABC, CBS or Fox, or broadcast station owners, such as Sinclair, may have a competitive advantage over our networks in obtaining distribution through the "bundling" of agreements to carry those programming networks with the agreement giving the Distributor the right to carry a broadcast station owned by or affiliated with the network. For example, regional sports and entertainment networks affiliated with broadcast networks are carried by certain Distributors that do not currently carry our networks. Our business depends, in part, upon viewer preferences and audience acceptance of the programming on our networks. These factors are often unpredictable and subject to influences that are beyond our control, such as the quality and appeal of competing programming, the performance of the sports teams whose media rights we control, general economic conditions and the availability of other entertainment options. We may not be able to successfully predict interest in proposed new programming and viewer preferences could cause new programming not to be successful or cause our existing programming to decline in popularity. If our programming does not gain or maintain the level of audience

acceptance we, our advertisers or Distributors expect, it could negatively affect advertising or distribution fee revenues. An increase in our costs associated with programming, including original programming, may materially negatively affect our business and results of operations.

In June 2023, we launched a DTC streaming product, which provides consumers an alternative to accessing our programming through our Distributors, but there can be no assurance that we will successfully execute our strategy for such offering. Our DTC offering represents a new consumer offering for which we have limited prior experience and we may not be able to successfully predict the demand for such DTC product or the impact such DTC product may have on our traditional distribution business, including with respect to renewals of our affiliation agreements with Distributors. In addition, the success of our DTC product will depend on a number of factors, including competition from other DTC products, such as offerings from other regional sports networks.

The extent to which competitive programming, including NBA and NHL games, are available on other programming networks and distribution platforms can adversely affect our competitive position. The increasing amount of sports programming available on a national basis, including pursuant to national media rights arrangements (e.g., NBA on ABC, ESPN, ESPN+, TNT and Max (ABC, ESPN, ESPN+, NBC, Peacock and Amazon beginning in 2025-26), and NHL on ABC, ESPN, Hulu, ESPN+, TNT and Max), as part of league-controlled sports programming networks (e.g., NBA TV and NHL Network), in out-of-market packages (e.g., NBA League Pass and NHL Center Ice/ESPN+), league and other websites, mobile applications and streaming outlets, may have an adverse impact on our competitive position as our programming networks compete for distribution and for viewers. For example, in July 2024, the NBA finalized new national media rights arrangements, which beginning with the 2025-26 NBA season, increase the number of team games that can be selected by national broadcasters (which could reduce the number of games available for exclusive broadcast by our networks). The competitive environment in which our MSG Networks business operates may also be affected by technological developments. It is difficult to predict the future effect of technology on our competitive position. With respect to advertising services, factors affecting the degree and extent of competition include prices, reach and audience demographics, among others. Some of our competitors are large companies that have greater financial resources available to them than we do, which could impact our viewership and the resulting advertising revenues.

***Our Operations and Operating Results Have Been, and May in the Future Be, Materially Impacted by a Pandemic or Another Public Health Emergency, Such as the COVID-19 Pandemic.***

The Company's operations and operating results were materially impacted by the COVID-19 pandemic (including COVID-19 variants) and actions taken in response by governmental authorities and certain professional sports leagues during the fiscal year ended June 30, 2021 ("Fiscal Year 2021").

Government regulations enacted in response to the COVID-19 pandemic or another pandemic or health emergency could impact in the future the revenue we derive and/or the expenses we incur from events that we choose to host, such that events that were historically profitable would instead result in losses. It is unclear to what extent concerns with respect to pandemics, such as a resurgence of COVID-19 or other future pandemics, could result in new government-mandated capacity or other restrictions or vaccination/mask requirements or impact the use of and/or demand for Sphere in Las Vegas, impact demand for our sponsorship and advertising assets, deter our employees and vendors from working at Sphere in Las Vegas (which may lead to difficulties in staffing), deter artists from touring, or result in professional sports leagues suspending, cancelling or otherwise reducing the number of games scheduled in the regular season or playoffs, which has in the past and could in the future have a material impact on the distribution and/or advertising revenues of our MSG Networks segment, or otherwise materially impact our operations. For example, as a result of the COVID-19 pandemic, both the NBA and the NHL reduced the number of regular season games for their 2020-21 seasons, resulting in MSG Networks airing substantially fewer NBA and NHL telecasts during Fiscal Year 2021, as compared with Fiscal Year 2019 (the last full fiscal year not impacted by COVID-19 as the 2019-20 seasons were temporarily suspended and subsequently shortened). Consequently, MSG Networks experienced a decrease in revenues in Fiscal Year 2021, including a material decrease in advertising revenue. The absence of live sports games also resulted in a decrease in certain MSG Networks expenses in Fiscal Year 2021, including rights fees, variable production expenses, and advertising sales commissions. MSG Networks has aired full season telecast schedules since Fiscal Year 2022. In addition, in April 2020, the Company temporarily suspended construction of Sphere in Las Vegas due to COVID-19 related factors that were outside of its control, including supply chain issues and resumed full construction with a lengthened timetable in order to better preserve cash through the COVID-19 pandemic. Although Sphere was not open during the pandemic, if it had been, its operations would have been suspended for a period of time and, similar to other venues, its operations would have been subject to safety protocols and social distancing upon reopening.

Our business is particularly sensitive to reductions in travel and discretionary consumer spending. A pandemic, such as COVID-19, or the fear of a new pandemic or public health emergency, has in the past impeded and could in the future impede economic activity in impacted regions and globally over the long term, leading to a decline in discretionary spending on entertainment and sports events and other leisure activities, which has in the past resulted and could in the future result in long-term effects on our business. To the extent effects of the COVID-19 pandemic or another pandemic or public health emergency adversely affect our business and financial results, they may also have the effect of heightening many of the other risks described in this "Risk Factors" section, such as those

relating to our liquidity, indebtedness, and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

***Our Business Has Been Adversely Impacted and May, in the Future, Be Materially Adversely Impacted by an Economic Downturn, Recession, Financial Instability, Inflation or Changes in Consumer Tastes and Preferences.***

Our business depends upon the ability and willingness of consumers and businesses to purchase tickets and license suites at Sphere, spend on food and beverages and merchandise, subscribe to packages of programming that includes our networks, and drive continued advertising, marketing partnership and affiliate fee revenues, and these revenues are sensitive to general economic conditions, recession, fears of recession and consumer behavior. Further, the live entertainment industry is often affected by changes in consumer tastes, national, regional and local economic conditions, discretionary spending priorities, demographic trends, traffic patterns and the type, number and location of competing businesses. These risks are exacerbated in our business in light of the fact that we only have one venue in Las Vegas, which is dependent on tourism travel for its success.

Consumer and corporate spending has in the past declined and may in the future decline at any time for reasons beyond our control. The risks associated with our businesses generally become more acute in periods of a slowing economy or recession, which may be accompanied by reductions in corporate sponsorship and advertising and decreases in attendance at events at our venue, among other things. In addition, inflation, which has significantly risen, has increased and may continue to increase operational costs, including labor costs, and continued increases in interest rates in response to concerns about inflation may have the effect of further increasing economic uncertainty and heightening these risks. As a result, instability and weakness of the U.S. and global economies, including due to the effects caused by disruptions to financial markets, inflation, recession, high unemployment, geopolitical events, including any prolonged effects caused by the COVID-19 pandemic or another future pandemic, and the negative effects on consumers' and businesses' discretionary spending, have in the past materially negatively affected, and may in the future materially negatively affect, our business and results of operations. A prolonged period of reduced consumer or corporate spending, including with respect to advertising, such as during the COVID-19 pandemic, has in the past and could in the future have an adverse effect on our business and our results of operations. See “—Operational and Economic Risks—Our Operations and Operating Results Have Been, and May in the Future Be, Materially Impacted by a Pandemic or Another Public Health Emergency, Such as the COVID-19 Pandemic.”

***The Geographic Concentration of Our Businesses Could Subject Us to Greater Risk Than Our Competitors and Have a Material Negative Effect on Our Business and Results of Operations.***

The Sphere business currently operates only in Las Vegas with one venue and, as a result, is subject to significantly greater degrees of risk than competitors with more operating properties or that operate in more markets. MSG Networks' programming networks are widely distributed throughout New York State and certain nearby areas.

Therefore, the Company is particularly vulnerable to adverse events (including acts of terrorism, natural disasters, epidemics, pandemics, weather conditions, labor market disruptions and government actions) and economic conditions in Las Vegas and New York State, and surrounding areas.

***Our Business Could Be Adversely Affected by Terrorist Activity or the Threat of Terrorist Activity, Weather and Other Conditions That Discourage Congregation at Prominent Places of Public Assembly.***

The success of our businesses is dependent upon the willingness and ability of patrons to attend events at our venue. The venue we operate, like all prominent places of public assembly, could be the target of terrorist activities, including acts of domestic terrorism, or other actions that discourage attendance. Any such activity or threatened activity at or near one of our venue or other similar venues, including those located elsewhere, could result in reduced attendance at our venue and a material negative effect on our business and results of operations. If our venue was unable to operate for an extended period of time, our business and operations would be materially adversely affected. Similarly, a major epidemic or pandemic, such as the COVID-19 pandemic, or the threat or perceived threat of such an event, could adversely affect attendance at our events and venues by discouraging public assembly at our events and venue. Moreover, the costs of protecting against such incidents, including the costs of implementing additional protective measures for the health and safety of our guests, could reduce the profitability of our operations. See “—Operational and Economic Risks—Our Operations and Operating Results Have Been, and May in the Future Be, Materially Impacted by a Pandemic or Another Public Health Emergency, Such as the COVID-19 Pandemic.”

Weather or other conditions, including natural disasters, in locations which we own or operate venues may affect patron attendance as well as sales of food and beverages and merchandise, among other things. Weather conditions may also require us to cancel or postpone events. Weather or other conditions may prevent us or our Distributors from providing our programming to customers or reduce advertising expenditures. Any of these events may have a material negative effect on our business and results of operations, and any such events may harm our ability to obtain or renew insurance coverage on favorable terms or at all.

***We May Pursue Acquisitions and Other Strategic Transactions and/or Investments to Complement or Expand Our Business That May Not Be Successful; We Have Significant Investments in Businesses We Do Not Control.***

From time to time, we may explore opportunities to purchase or invest in other businesses, venues or assets that we believe will complement, enhance or expand our current business or that might otherwise offer us growth opportunities, including opportunities that may differ from the Company's current businesses. Any transactions that we are able to identify and complete may involve risks, including the commitment of significant capital, the incurrence of indebtedness, the payment of advances, the diversion of management's attention and resources from our existing business to develop and integrate the acquired or combined business, the inability to successfully integrate such business or assets into our operations, litigation or other claims in connection with acquisitions or against companies we invest in or acquire, our lack of control over certain companies, including joint ventures and other minority investments, the risk of not achieving the intended results and the exposure to losses if the underlying transactions or ventures are not successful. At times, we have had and may in the future have, significant investments in businesses that we account for under the equity method of accounting. Certain of these investments have generated operating losses in the past and certain have required additional investments from us in the form of equity or loans. For example, our investment in Holoplot was substantially reduced by our share of the entity's operating losses before we purchased the remainder of the business in April 2024. There can be no assurance that these investments will become profitable individually or in the aggregate or that they will not require material additional funding from us in the future.

We may not control the day-to-day operations of these investments. We have in the past written down and, to the extent that these investments are not successful in the future, we may write down all or a portion of such investments. Additionally, these businesses may be subject to laws, rules and other circumstances, and have risks in their operations, which may be similar to, or different from, those to which we are subject. Any of the foregoing risks could result in a material negative effect on our business and results of operations or adversely impact the value of our investments.

***We Are Subject to Extensive Governmental Regulation and Changes in These Regulations and Our Failure to Comply with Them May Have a Material Negative Effect on Our Business and Results of Operations.***

Our business is subject to the general powers of federal, state and local governments, as well as foreign governmental authorities. Certain aspects of our MSG Networks business are also subject to certain rules, regulations and agreements of the NBA and NHL. Some FCC regulations apply to our MSG Networks business directly and other FCC regulations, although imposed on Distributors, affect programming networks indirectly.

- *Venue-related Permits/Licenses.* Sphere, like all public spaces, is subject to building and health codes and fire regulations imposed by state and local government as well as zoning and outdoor advertising and signage regulations. We also require a number of licenses to operate, including, but not limited to, occupancy permits, exhibition licenses, food and beverage permits, liquor licenses, signage entitlements and other authorizations. Failure to receive or retain, or the suspension of, liquor licenses or permits could interrupt or terminate our ability to serve alcoholic beverages at our venue. Additional regulation relating to liquor licenses may limit our activities in the future or significantly increase the cost of compliance, or both. We are subject to statutes that generally provide that serving alcohol to a visibly intoxicated or minor patron is a violation of the law and may provide for strict liability for certain damages arising out of such violations. Our liability insurance coverage may not be adequate or available to cover any or all such potential liability. Our failure to maintain these permits or licenses could have a material negative effect on our business and results of operations.
- *Public Health and Safety.* As a result of government mandated assembly limitations and closures implemented in response to the COVID-19 pandemic, MSG Networks aired substantially fewer games in Fiscal Year 2021. There can be no assurance that some or all of these restrictions will not be imposed again in the future due to another pandemic or public health emergency. We are unable to predict what the long-term effects of these events, including renewed government regulations or requirements, will be. For example, future governmental regulations adopted in response to a pandemic may impact the revenue we derive and/or the expenses we incur from the events that we choose to host, such that events that were historically profitable would instead result in losses. See “—Operational and Economic Risks—Our Operations and Operating Results Have Been, and May in the Future Be, Materially Impacted by a Pandemic or Another Public Health Emergency, Such as the COVID-19 Pandemic.”
- *Environmental Laws.* We and our venue are subject to environmental laws and regulations relating to the use, disposal, storage, emission and release of hazardous and non-hazardous substances, as well as zoning and noise level restrictions which may affect, among other things, the operations of our venue. Compliance with these regulations and the associated costs may be heightened as a result of the purchase, construction or renovation of a venue. Additionally, certain laws and regulations could hold us strictly, jointly and severally responsible for the remediation of hazardous substance contamination at our facilities or at third-party waste disposal sites, as well as for any personal injury or property damage related to any contamination. Our commercial general liability and/or the pollution legal liability insurance coverage may not be adequate or available to cover any or all such potential liability.

- *Broadcasting.* Legislative enactments, court actions, and federal and state regulatory proceedings could materially affect our programming business by modifying the rates, terms, and conditions under which we offer our content or programming networks to Distributors and the public, or otherwise materially affect the range of our activities or strategic business alternatives. We cannot predict the likelihood, results or impact on our business of any such legislative, judicial, or regulatory actions. Furthermore, to the extent that regulations and laws, either presently in force or proposed, hinder or stimulate the growth of Distributors, our business could be affected. The U.S. Congress and the FCC currently have under consideration, and may in the future adopt, amend, or repeal, laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect our business. The regulation of Distributors and programming networks is subject to the political process and has been in constant flux over the past two decades. Further material changes in the law and regulatory requirements may be proposed or adopted in the future. Our business and our results of operations may be materially negatively affected by future legislation, new regulation or deregulation.
- *Data Privacy.* We are subject to data privacy and protection laws, regulations, policies and contractual obligations that apply to the collection, transmission, storage, processing and use of personal information or personal data, which among other things, impose certain requirements relating to the privacy and security of personal information. The variety of laws and regulations governing data privacy and protection, and the use of the internet as a commercial medium, are rapidly evolving, extensive and complex, and may include provisions and obligations that are inconsistent with one another or uncertain in their scope or application.

The data protection landscape is rapidly evolving in the United States. As our operations and business grow, we may become subject to or affected by new or additional data protection laws and regulations and face increased scrutiny or attention from regulatory authorities. For example, California has passed a comprehensive data privacy law, the CCPA, and a number of other states, including New Jersey, Virginia, Colorado, Utah and Connecticut, have also passed similar laws, and various additional states may do so in the near future. Additionally, the CPRA, imposes additional data protection obligations on covered businesses, including additional consumer rights procedures and obligations, limitations on data uses, new audit requirements for higher risk data, and constraints on certain uses of sensitive data. The majority of the CPRA provisions went into effect on January 1, 2023, and additional compliance investment and potential business process changes may be required. Further, there are several legislative proposals in the United States, at both the federal and state level, that could impose new privacy and security obligations. We cannot yet determine the impact that these future laws and regulations may have on our business. As new privacy- and security-related laws and regulations are implemented, the time and resources needed for us to comply with such laws and regulations, as well as our potential liability for non-compliance with such laws and regulations, may increase.

In addition, governmental authorities and private litigants continue to bring actions against companies for online collection, use, dissemination and security practices that are unfair or deceptive. We may incur significant legal expenses or reputational damage for data privacy or security claims regardless of whether we are found to be liable.

Our business is, and may in the future be, subject to a variety of other laws and regulations, including licensing, permitting, working conditions, labor, immigration and employment laws; health, safety and sanitation requirements; and compliance with the Americans with Disabilities Act (and related state and local statutes).

Any changes to the legal and regulatory framework applicable to our business could have an adverse impact on our businesses and our failure to comply with applicable governmental laws and regulations, or to maintain necessary permits or licenses, could result in liability or government actions that could have a material negative effect on our business and results of operations.

***Our Business Has Been Subject to Seasonal Fluctuations, and Our Operating Results and Cash Flows Have In the Past Varied, and Could In the Future Vary, Substantially from Period to Period.***

Our revenues and expenses have been seasonal and may continue to be seasonal. For example, our MSG Networks segment generally continues to expect to earn a higher share of its annual revenues in the second and third quarters of its fiscal year as a result of MSG Networks' advertising revenue being largely derived from the sale of inventory in its live NBA and NHL professional sports programming. Therefore, our operating results and cash flows reflect significant variation from period to period and will continue to do so in the future. Consequently, period-to-period comparisons of our operating results or cash flows may not necessarily be meaningful and the operating results or cash flows of one period are not indicative of our financial performance during a full fiscal year. This variability may adversely affect our business, results of operations and financial condition.

***Labor Matters May Have a Material Negative Effect on Our Business and Results of Operations.***

In the event of labor market disruptions due to renewed effects of the COVID-19 pandemic or other future pandemics and otherwise, we could face difficulty in maintaining staffing at our Sphere venue and retaining talent in our corporate departments. If we are unable to attract and retain qualified people or to do so on reasonable terms, Sphere could be short-staffed or become more expensive to operate and our ability to meet our guests' demand could be limited, any of which could materially adversely affect our business and results of operations.

Our business is dependent upon the efforts of unionized workers. As of June 30, 2024, approximately 18% of our employees were subject to CBAs. Approximately 5% of those union employees are subject to CBAs that expired as of June 30, 2024 and approximately 39% are subject to CBAs that will expire by June 30, 2025 if they are not extended prior thereto. Any labor disputes, such as strikes or lockouts, with the unions with which we have CBAs could have a material negative effect on our business and results of operations (including our ability to produce or present immersive productions, concerts, programming, theatrical productions, sporting events and other events). For example, members of the Writers Guild of America and SAG-AFTRA commenced work stoppages in May and July, 2023, respectively, which lasted several months. If these or other work stoppages by unions involved in the production of original immersive productions occur and we are unable to secure waivers from the guild or union concerned, it could adversely affect our business.

Additionally, NBA and NHL players are covered by CBAs and we may be impacted by union relationships of both such leagues. Both the NBA and the NHL have experienced labor difficulties in the past and may have labor issues in the future, such as player strikes or management lockouts. For example, the NBA has experienced labor difficulties, including a lockout during the 2011-12 NBA season, which resulted in a regular season that was shortened from 82 games to 66 games. In addition, the NHL has also experienced labor difficulties, including a lockout beginning in September 2004 that resulted in the cancellation of the entire 2004-05 NHL season, and a lockout during the 2012-13 NHL season, which resulted in a regular season that was shortened from 82 games to 48 games.

If any NBA or NHL games are cancelled because of any such labor difficulties, the loss of revenue, including from impacts to MSG Networks' ability to produce or present programming, would have a negative impact on our business and results of operations.

***There Is a Risk of Injuries and Accidents in Connection with Sphere, Which Has in the Past and Could in the Future Subject Us to Personal Injury or Other Claims; We Are Subject to the Risk of Adverse Outcomes in Other Types of Litigation.***

There are inherent risks associated with producing and hosting events and operating, maintaining, renovating or constructing our venues (including as a result of Sphere's unique features). As a result, personal injuries, accidents and other incidents which may negatively affect guest satisfaction have occurred and may occur from time to time, which have in the past subjected and could in the future subject us to claims and liabilities.

These risks may not be covered by insurance or could involve exposures that exceed the limits of any applicable insurance policy. Incidents in connection with events at Sphere could also reduce attendance at our events and may have a negative impact on our revenue and results of operations. Although we seek to obtain contractual indemnities for events at our venues that we do not promote and we also maintain insurance policies that provide coverage for incidents in the ordinary course of business, there can be no assurance that such indemnities or insurance will be adequate at all times and in all circumstances or that we will be able to continue to obtain or renew such insurance policies on favorable terms or at all.

From time to time, the Company and its subsidiaries are involved in various legal proceedings, including proceedings or lawsuits brought by governmental agencies, stockholders, customers, employees, private parties and other stakeholders. The outcome of litigation is inherently unpredictable and, regardless of the merits of the claims, litigation may be expensive, time-consuming, disruptive to our operations, harmful to our reputation and distracting to management. As a result, we may incur liability from litigation (including in connection with settling such litigation) which could be material and for which we may not have available or adequate insurance coverage, or be subject to other forms of non-monetary relief which may adversely affect the Company. By its nature, the outcome of litigation is difficult to assess and quantify, and its continuing defense is costly. The liabilities and any defense costs we incur in connection with any such litigation could have an adverse effect on our business and results of operations.

***We Face Risk from Doing Business Internationally.***

We have operations and own property outside of the United States. We continue to explore international markets for our next generation Sphere venues. As a result, our business is subject to certain risks inherent in international business, many of which are beyond our control. These risks include:

- laws and policies affecting trade and taxes, including laws and policies relating to currency, the repatriation of funds and withholding taxes, and changes in these laws;
- changes in local regulatory requirements, including restrictions on foreign ownership;
- exchange rate fluctuation;

- exchange controls, tariffs and other trade barriers;
- differing degrees of protection for intellectual property and varying attitudes towards the piracy of intellectual property;
- foreign privacy and data protection laws and regulations, such as the E.U. General Data Protection Regulation, and changes in these laws;
- the instability of foreign economies and governments;
- war, acts of terrorism and the outbreak of epidemics or pandemics abroad;
- anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act that impose stringent requirements on how we conduct our foreign operations, and changes in these laws and regulations; and
- shifting consumer preferences regarding entertainment.

Events or developments related to these and other risks associated with international operations could have a material negative effect on our business and results of operations.

### **Risks Related to Cybersecurity and Intellectual Property**

***We Face Continually Evolving Cybersecurity and Other Technology-Related Risks, Which Could Result in Loss, Disclosure, Theft, Destruction or Misappropriation of, or Access to, Our Confidential Information and Cause Disruption of Our Business, Damage to Our Brands and Reputation, Legal Exposure and Financial Losses.***

Through our operations, we collect and store, including by electronic means, certain personal, proprietary and other sensitive information, including payment card information, that is provided to us through purchases, registration on our websites, mobile applications, or otherwise in communication or interaction with us. These activities require the use of online services and centralized data storage, including through third-party service providers. Data maintained in electronic form is subject to the risk of security incidents, including breach, compromise, intrusion, tampering, theft, destruction, misappropriation or other malicious activity. The increased use of mobile and cloud technologies heightens these and other operational risks, as do hybrid work arrangements. Our ability to safeguard such personal and other sensitive information, including information regarding the Company and our customers, sponsors, partners, Distributors, advertisers and employees, independent contractors and vendors, is important to our business. We take significant steps to protect our stored information, including the implementation of systems and processes to thwart malicious activity. These protections are costly and require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. See “—Operational and Economic Risks—*We Are Subject to Extensive Governmental Regulation and Changes in These Regulations and Our Failure to Comply with Them May Have a Material Negative Effect on Our Business and Results of Operations.*”

Despite our efforts, the risks of a security incident cannot be entirely eliminated and our information technology and other systems that maintain and transmit consumer, sponsor, partner, Distributor, advertiser, Company, employee and other confidential and proprietary information may be compromised due to employee error or other circumstances such as malware or ransomware, viruses, hacking and phishing attacks, denial-of-service attacks, business email compromises, or otherwise. A compromise of our or our vendors’ systems could affect the security of information on our network or that of a third-party service provider. Additionally, outside parties may attempt to fraudulently induce employees, vendors or users to disclose sensitive, proprietary or confidential information in order to gain access to data and systems. Given the increasing sophistication of bad actors and complexity of the techniques used to obtain unauthorized access or disable systems, a security incident could potentially persist for an extended period of time before being detected. We may not be able to anticipate the incident or respond adequately or timely, and the extent of a particular incident, and the steps that we may need to take to investigate the incident, may not be immediately clear. As a result, our or our customers’ or affiliates’ sensitive, proprietary and/or confidential information may be lost, disclosed, accessed or taken without consent.

We also continue to review and enhance our security measures in light of the constantly evolving techniques used to gain unauthorized access to networks, data, software and systems. We have expended, and expect to continue to expend, significant expenses on an ongoing basis in order to review and enhance our security measures and to address any actual or potential security incidents that arise, but these measures may be ineffective and we may be subject to legal or regulatory action, as well as financial losses, and we may not have insurance coverage for any or all such losses. If we experience an actual or perceived security incident, our ability to conduct business may be interrupted or impaired, we may incur damage to our systems, we may lose profitable opportunities or the value of those opportunities may be diminished and we may lose revenue as a result of unlicensed use of our intellectual property.

Unauthorized access to or security breaches of our systems could result in the loss of data, loss of business, severe reputational damage adversely affecting customer or investor confidence, diversion of management’s attention, regulatory investigations and orders, litigation, indemnity obligations, damages for contract breach, penalties for violation of applicable laws or regulations and significant costs for remediation that may include liability for stolen or lost assets or information and repair of system damage that may have been caused, incentives offered to customers or other business partners in an effort to maintain business relationships after a breach and other liabilities. In addition, in the event of a security incident, changes in legislation may increase the risk of potential

litigation. For example, the CCPA, which provides a private right of action (in addition to statutory damages) for California residents whose sensitive personal information is breached as a result of a business' violation of its duty to reasonably secure such information, took effect on January 1, 2020 and was expanded by the CPRA, which took effect in January 2023. A number of other states have passed similar laws and additional states may do so in the near future. Our insurance coverage may not be adequate to cover the costs of a data breach, indemnification obligations, or other liabilities.

We also routinely transmit and receive personal, confidential and proprietary information by email and other electronic means. We have discussed and worked with customers, sponsors, partners, employees, directors, independent contractors and vendors to secure transmission capabilities and protect against cyber incidents, but we do not have, and may be unable to put in place, secure capabilities with all of our customers, sponsors, partners, employees, directors, independent contractors and vendors and we may not be able to ensure that these third parties have appropriate controls in place to protect the confidentiality of the information. An interception, misuse or mishandling of personal, confidential or proprietary information being sent to or received from a client, vendor, service provider, counterparty or other third party could result in legal liability, regulatory action and reputational harm.

In addition, new regulations require us to disclose information about material cybersecurity incidents on a timely basis, including those that may not have been resolved or fully investigated at the time of disclosure, or, in some instances, we may have obligations to notify relevant stakeholders of security breaches. Such mandatory disclosures are costly, could provide information to threat actors, could lead to negative publicity, may cause our customers to lose confidence in the effectiveness of our security measures and may require us to expend significant capital and other resources to respond to or alleviate problems caused by an actual or perceived security breach.

***The Interruption or Unavailability of Third-Party Facilities, Systems and/or Software Upon Which We Rely May Have a Material Negative Effect on Our Business, Financial Condition and Results of Operations.***

We rely upon various internal and third-party software and systems in the operation of our business, including, with respect to ticket sales, credit card processing, email marketing, point of sale transactions, database, inventory, human resource management and financial systems, and other systems used to present Sphere events and immersive productions, advertising or signage, such as audio and video. With respect to third-party software or systems, certain of these arrangements are not covered by long-term agreements. System interruption and the lack of integration and redundancy in the information systems and infrastructure, both of our own websites and other computer systems and of affiliate and third-party software, computer networks, applications and other communications systems service providers on which we rely may adversely affect our ability to operate websites, applications, process and fulfill transactions, respond to customer inquiries, present events, and generally maintain cost-efficient operations. Such interruptions could occur as a result of a number of factors, including design defects, the age of the technology, network failures, technology modernization initiatives, malfunctions in maintenance updates or security patches, natural disaster, malicious actions, such as hacking or acts of terrorism or war, or human error. Any such damage or disruptions could also compromise the security of our information systems and networks. The failure or unavailability of these internal or third-party services or systems, depending upon its severity and duration, could have a material negative effect on our business and results of operations. See also “—Risks Related to Governance and Our Controlled Ownership—We Are Materially Dependent on Affiliated Entities’ Performances Under Various Agreements” for a discussion of services MSG Entertainment performs on our behalf and “—We Face Continually Evolving Cybersecurity and Other Technology-Related Risks, Which Could Result in Loss, Disclosure, Theft, Destruction or Misappropriation of, or Access to, Our Confidential Information and Cause Disruption of Our Business, Damage to Our Brands and Reputation, Legal Exposure and Financial Losses.

While we have backup systems and offsite data centers for certain aspects of our operations, disaster recovery planning by its nature cannot be for all eventualities. In addition, we may not have adequate insurance coverage to compensate for any or all losses from a major interruption. If any of these adverse events were to occur, it could have a material negative effect our business, financial condition and results of operations.

***We Rely Upon Cloud Computing Services to Operate Certain Aspects of Our Business and Any Disruption of or Interference With Our Use of These Services Would Impact Our Operations and Our Business Would Be Adversely Impacted.***

Cloud computing services provide a distributed computing infrastructure platform for business operations. We have established our software and computer systems so as to utilize data processing, storage capabilities and other services provided by third parties. Those third parties' facilities are vulnerable to damage or interruption from, among other things, design defects, the age of the technology, network failures, technology modernization initiatives, malfunctions in maintenance updates or security patches, cybersecurity attacks, terrorist attacks, natural disasters, power outages and similar events or acts of misconduct. We have experienced, and we expect that in the future we will experience, interruptions, delays and outages in service and availability from third-party service providers from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints. Given this, along with the fact that we cannot easily switch our cloud operations to another cloud provider, without significant costs, or at all, any disruption of or interference with our use of cloud providers would impact our operations and our business.

***We Have in the Past and May in the Future Become Subject to Infringement or Other Claims Relating to Our Content or Technology.***

From time to time, third parties may assert against us alleged intellectual property infringement claims (e.g., copyright, trademark and patent) or other claims relating to our productions, brands, programming, technologies, digital products and/or content or other content or material, some of which may be important to our business. In addition, our productions and/or programming could potentially subject us to claims of defamation, violation of rights of privacy or publicity or similar types of allegations. Any such claims, regardless of their merit or outcome, could cause us to incur significant costs that could harm our results of operations. We may not be indemnified against, or have insurance coverage for, claims or costs of these types. In addition, if we are unable to continue use of certain intellectual property rights, our business and results of operations could be materially negatively impacted.

***Theft of Our Intellectual Property May Have a Material Negative Effect on Our Business and Results of Operations.***

The success of our business depends in part on our ability to maintain and monetize our intellectual property rights, including the technology being developed for Sphere, MSG Networks (including our DTC product), our brand logos, our programming, technologies, digital content and other content that is material to our business. Theft of our intellectual property, including content, could have a material negative effect on our business and results of operations because it may reduce the revenue that we are able to receive from the legitimate exploitation of such intellectual property, undermine lawful distribution channels and limit our ability to control the marketing of our content and inhibit our ability to recoup or profit from the costs incurred to create such content. Litigation may be necessary to enforce our intellectual property rights or protect our trade secrets. Any litigation of this nature, regardless of the outcome, could cause us to incur significant costs, as well as subject us to the other inherent risks of litigation discussed above.

***Risks Related to Governance and Our Controlled Ownership***

***We Are Materially Dependent on Affiliated Entities' Performances Under Various Agreements.***

We have entered into various agreements with MSG Entertainment related to the MSGE Distribution, and with MSG Sports with respect to the 2020 Entertainment Distribution, and MSG Networks has various agreements with MSG Sports in connection with the 2015 Sports Distribution, including, among others, a distribution agreement, a tax disaffiliation agreement, a services agreement, an employee matters agreement and certain other arrangements (including other support services). These agreements include the allocation of employee benefits, taxes and certain other liabilities and obligations attributable to periods prior to, at and after the applicable distribution. In connection with the 2015 Sports Distribution, the 2020 Entertainment Distribution and the MSGE Distribution, we provided MSG Sports and MSG Entertainment, respectively, with indemnities with respect to liabilities arising out of our business, and MSG Sports and MSG Entertainment, respectively, provided us with indemnities with respect to liabilities arising out of the business retained by them. MSG Networks' media rights agreements with MSG Sports provide us with the exclusive live local media rights to Knicks and Rangers games. Rights fees under these media rights agreements amounted to approximately \$174.0 million for Fiscal Year 2024. The stated contractual rights fees under such rights agreements increase annually and are subject to adjustments in certain circumstances, including if MSG Sports does not make available a minimum number of exclusive live games in any year.

Each of the Company, MSG Sports and MSG Entertainment rely on the others to perform their respective obligations under these agreements. If MSG Sports or MSG Entertainment were to breach or become unable to satisfy its respective material obligations under these agreements, including a failure to satisfy its indemnification or other financial obligations, or these agreements otherwise terminate or expire and we do not enter into replacement agreements, we could suffer operational difficulties and/or significant losses.

***The MSGE Distribution Could Result in Significant Tax Liability.***

We received an opinion from Sullivan & Cromwell LLP substantially to the effect that, among other things, the MSGE Distribution should qualify as a tax-free distribution under the Internal Revenue Code (the "Code"). The opinion is not binding on the Internal Revenue Service (the "IRS") or the courts. Certain transactions related to the MSGE Distribution that are not addressed by the opinion could result in the recognition of income or gain by us. The opinion relied on factual representations and reasonable assumptions, which, if incorrect or inaccurate, may jeopardize the ability to rely on such opinion.

If the MSGE Distribution does not qualify for tax-free treatment for U.S. federal income tax purposes, then, in general, we would recognize taxable gain in an amount equal to the excess of the fair market value of MSG Entertainment common stock distributed in the MSGE Distribution over our tax basis therein (i.e., as if we had sold such MSG Entertainment common stock in a taxable sale for its fair market value). In addition, the receipt by our stockholders of common stock of MSG Entertainment would be a taxable distribution, and each U.S. holder that received MSG Entertainment common stock in the MSGE Distribution would be treated as if the U.S. holder had received a distribution equal to the fair market value of MSG Entertainment common stock that was distributed to it, which generally would be treated first as a taxable dividend to the extent of such holder's pro rata share of our earnings and profits, then as a non-taxable return of capital to the extent of the holder's tax basis in our common stock, and thereafter as capital gain with respect to any remaining value. It is expected that the amount of any such taxes to us and our stockholders would be substantial. See

*“—We May Have a Significant Indemnity Obligation to MSG Entertainment if the MSGE Distribution Is Treated as a Taxable Transaction.”*

***We May Have a Significant Indemnity Obligation to MSG Entertainment if the MSGE Distribution Is Treated as a Taxable Transaction.***

We have entered into a Tax Disaffiliation Agreement with MSG Entertainment (the “Entertainment Tax Disaffiliation Agreement”), which sets out each party’s rights and obligations with respect to federal, state, local or foreign taxes for periods before and after the MSGE Distribution and related matters such as the filing of tax returns and the conduct of IRS and other audits. Pursuant to the Entertainment Tax Disaffiliation Agreement, we are required to indemnify MSG Entertainment for losses and taxes of MSG Entertainment resulting from the breach of certain covenants and for certain taxable gain in connection with the MSGE Distribution, including as a result of certain acquisitions of our stock or assets. If we are required to indemnify MSG Entertainment under the circumstances set forth in the Entertainment Tax Disaffiliation Agreement, we may be subject to substantial liabilities, which could materially adversely affect our financial position.

***The 2020 Entertainment Distribution Could Result in Significant Tax Liability.***

MSG Sports received an opinion from Sullivan & Cromwell LLP substantially to the effect that, among other things, the 2020 Entertainment Distribution qualified as a tax-free distribution under the Code. The opinion is not binding on the IRS or the courts. Certain transactions related to the 2020 Entertainment Distribution that are not addressed by the opinion could result in the recognition of income or gain by MSG Sports. The opinion relied on factual representations and reasonable assumptions, which, if incorrect or inaccurate, may jeopardize the ability to rely on such opinion.

If the 2020 Entertainment Distribution does not qualify for tax-free treatment for U.S. federal income tax purposes, then, in general, MSG Sports would recognize taxable gain in an amount equal to the excess of the fair market value of our common stock distributed in the 2020 Entertainment Distribution over MSG Sports’ tax basis therein (i.e., as if it had sold such common stock in a taxable sale for its fair market value). In addition, the receipt by MSG Sports’ stockholders of common stock of our Company would be a taxable distribution, and each U.S. holder that received our common stock in the 2020 Entertainment Distribution would be treated as if the U.S. holder had received a distribution equal to the fair market value of our common stock that was distributed to it, which generally would be treated first as a taxable dividend to the extent of such holder’s pro rata share of MSG Sports’ earnings and profits, then as a non-taxable return of capital to the extent of the holder’s tax basis in its MSG Sports’ common stock, and thereafter as capital gain with respect to any remaining value. It is expected that the amount of any such taxes to MSG Sports stockholders and MSG Sports would be substantial. See “—We May Have a Significant Indemnity Obligation to MSG Sports if the 2020 Entertainment Distribution Is Treated as a Taxable Transaction.”

***We May Have a Significant Indemnity Obligation to MSG Sports if the 2020 Entertainment Distribution Is Treated as a Taxable Transaction.***

We have entered into a Tax Disaffiliation Agreement with MSG Sports (the “Sports Tax Disaffiliation Agreement”), which sets out each party’s rights and obligations with respect to federal, state, local or foreign taxes for periods before and after the 2020 Entertainment Distribution and related matters such as the filing of tax returns and the conduct of IRS and other audits. Pursuant to the Sports Tax Disaffiliation Agreement, we are required to indemnify MSG Sports for losses and taxes of MSG Sports resulting from the breach of certain covenants and for certain taxable gain recognized by MSG Sports, including as a result of certain acquisitions of our stock or assets. If we are required to indemnify MSG Sports under the circumstances set forth in the Sports Tax Disaffiliation Agreement, we may be subject to substantial liabilities, which could materially adversely affect our financial position.

***Certain Adverse U.S. Federal Income Tax Consequences Might Apply to Non-U.S. Holders That Hold Our 3.50% Convertible Senior Notes, Class A Common Stock and Class B Common Stock If We Are Treated as a USRPHC.***

We have not made a determination as to whether we are deemed to be a “U.S. real property holding corporation” (a “USRPHC”), as defined in section 897(c)(2) of the Code. In general, we would be considered a USRPHC if, on any applicable determination date, the fair market value of our “United States real property interests” equals or exceeds 50% of the aggregate fair market value of our worldwide real property interests and our other assets used or held for use in a trade or business (all as determined for U.S. federal income tax purposes). However, because the determination of whether we are a USRPHC turns on the relative fair market value of our United States real property interests and our other assets, and because the USRPHC rules are complex and the determination of whether we are a USRPHC depends on facts and circumstances that may be beyond our control, we can give no assurance as to our USRPHC status. If we are treated as a USRPHC, certain adverse U.S. federal income tax consequences might apply to non-U.S. holders that hold our 3.50% Convertible Senior Notes, Class A Common Stock and Class B common stock.

***We Are Controlled by the Dolan Family. As a Result of Their Control, the Dolan Family Has the Ability to Prevent or Cause a Change in Control or Approve, Prevent or Influence Certain Actions by the Company.***

We have two classes of common stock:

- Class A Common Stock, which is entitled to one vote per share and is entitled collectively to elect 25% of our Board of Directors; and
- Class B Common Stock, which is entitled to 10 votes per share and is entitled collectively to elect the remaining 75% of our Board of Directors.

As of June 30, 2024, certain members of the Dolan family, including certain trusts for the benefit of members of the Dolan family (collectively, the “Dolan Family Group”), collectively owned 100% of our Class B Common Stock, approximately 6.5% of our outstanding Class A Common Stock (inclusive of options exercisable within 60 days after June 30, 2023) and approximately 72.3% of the total voting power of all our outstanding common stock in matters other than the election of directors. The members of the Dolan Family Group holding Class B Common Stock are parties to a Stockholders Agreement, which has the effect of causing the voting power of the holders of our Class B Common Stock to be cast as a block with respect to all matters to be voted on by holders of our Class B Common Stock. Under the Stockholders Agreement, the shares of Class B Common Stock owned by members of the Dolan Family Group (representing all the outstanding Class B Common Stock) are to be voted on all matters in accordance with the determination of the Dolan Family Committee (as defined below), except that the decisions of the Dolan Family Committee are non-binding with respect to the Class B Common Stock owned by certain Dolan family trusts that collectively own approximately 40.5% of the outstanding Class B Common Stock (“Excluded Trusts”). The “Dolan Family Committee” consists of Charles F. Dolan and his six children, James L. Dolan, Thomas C. Dolan, Patrick F. Dolan, Kathleen M. Dolan, Marianne Dolan Weber and Deborah A. Dolan-Sweeney. The Dolan Family Committee generally acts by majority vote, except that approval of a going-private transaction must be approved by a two-thirds vote and approval of a change-in-control transaction must be approved by not less than all but one vote. The voting members of the Dolan Family Committee are James L. Dolan, Thomas C. Dolan, Kathleen M. Dolan, Deborah A. Dolan-Sweeney and Marianne Dolan Weber, with each member having one vote other than James L. Dolan, who has two votes. Because James L. Dolan has two votes, he has the ability to block Dolan Family Committee approval of any Company change in control transaction. Shares of Class B Common Stock owned by Excluded Trusts will on all matters be voted on in accordance with the determination of the Excluded Trusts holding a majority of the Class B Common Stock held by all Excluded Trusts, except in the case of a vote on a going-private transaction or a change in control transaction, in which case a vote of the trusts holding two-thirds of the Class B Common Stock owned by Excluded Trusts is required.

The Dolan Family Group is able to prevent a change in control of our Company and no person interested in acquiring us would be able to do so without obtaining the consent of the Dolan Family Group. The Dolan Family Group, by virtue of its stock ownership, has the power to elect all of our directors subject to election by holders of Class B Common Stock and is able collectively to control stockholder decisions on matters on which holders of all classes of our common stock vote together as a single class. These matters could include the amendment of some provisions of our certificate of incorporation and the approval of fundamental corporate transactions.

In addition, the affirmative vote or consent of the holders of at least 66  $\frac{2}{3}$ % of the outstanding shares of the Class B Common Stock, voting separately as a class, is required to approve:

- the authorization or issuance of any additional shares of Class B Common Stock; and
- any amendment, alteration or repeal of any of the provisions of our certificate of incorporation that adversely affects the powers, preferences or rights of the Class B Common Stock.

As a result, the Dolan Family Group has the power to prevent such issuance or amendment.

The Dolan Family Group also controls MSG Sports, MSG Entertainment and AMC Networks and, prior to the Networks Merger, the Dolan Family Group also controlled MSG Networks.

***We Have Elected to Be a “Controlled Company” for New York Stock Exchange (“NYSE”) Purposes Which Allows Us Not to Comply with Certain of the Corporate Governance Rules of NYSE.***

Members of the Dolan Family Group have entered into the Stockholders Agreement relating, among other things, to the voting of their shares of our Class B Common Stock. As a result, we are a “controlled company” under the corporate governance rules of NYSE. As a controlled company, we have the right to elect not to comply with the corporate governance rules of NYSE requiring: (i) a majority of independent directors on our Board of Directors; (ii) an independent corporate governance and nominating committee; and (iii) an independent compensation committee. Our Board of Directors has elected for the Company to be treated as a “controlled company” under NYSE corporate governance rules and not to comply with the NYSE requirement for a majority-independent board of directors

and for an independent corporate governance and nominating committee because of our status as a controlled company. Nevertheless, our Board of Directors has elected to comply with the NYSE requirement for an independent compensation committee.

***Future Stock Sales, Including as a Result of the Exercise of Registration Rights by Certain of Our Stockholders, Could Adversely Affect the Trading Price of Our Class A Common Stock.***

Certain parties have registration rights covering a portion of our shares.

We have entered into registration rights agreements with Charles F. Dolan, members of his family, certain Dolan family interests and the Dolan Family Foundation that provide them with “demand” and “piggyback” registration rights with respect to approximately 6.9 million shares of Class A Common Stock, including shares issuable upon conversion of shares of Class B Common Stock.

Sales of a substantial number of shares of Class A Common Stock, including sales pursuant to these registration rights agreements, could adversely affect the market price of the Class A Common Stock and could impair our future ability to raise capital through an offering of our equity securities.

***We Share Certain Directors, Officers and Employees with MSG Sports, MSG Entertainment and/or AMC Networks, Which Means Those Individuals Do Not Devote Their Full Time and Attention to Our Affairs and the Overlap May Give Rise to Conflicts.***

Our Executive Chairman and Chief Executive Officer, James L. Dolan, also serves as the Executive Chairman and Chief Executive Officer of MSG Entertainment and MSG Sports and as Non-Executive Chairman of AMC Networks. Furthermore, nine members of our Board of Directors (including James L. Dolan) also serve as directors of MSG Entertainment, ten members of our Board of Directors (including James L. Dolan) also serve as directors of MSG Sports, and six members of our Board of Directors (including James L. Dolan) also serve as directors of AMC Networks, Charles F. Dolan serves as Chairman Emeritus of AMC Networks concurrently with his service on our Board of Directors and Kristin A. Dolan serves as Chief Executive Officer of AMC Networks concurrently with her service on our Board of Directors. Our Executive Vice President, David Granville-Smith also serves as Executive Vice President of MSG Sports and AMC Networks. Our Vice Chairman, Gregg G. Seibert, also serves as the Vice Chairman of MSG Sports, MSG Entertainment and AMC Networks, our Executive Vice President and General Counsel, Laura Franco, also serves as MSG Entertainment’s Executive Vice President and General Counsel, and our Secretary, Mark C. Cresitello, also serves as Senior Vice President, Deputy General Counsel and Secretary of MSG Sports and Secretary of MSG Entertainment. As a result, these individuals do not devote their full time and attention to the Company’s affairs. The overlapping directors, officers and employees may have actual or apparent conflicts of interest with respect to matters involving or affecting each company. For example, there is potential for a conflict of interest when we on the one hand, and MSG Sports, MSG Entertainment and/or AMC Networks and their respective subsidiaries and successors on the other hand, look at certain acquisitions and other corporate opportunities that may be suitable for more than one of the companies. Also, conflicts may arise if there are issues or disputes under the commercial arrangements that exist between MSG Sports, MSG Entertainment or AMC Networks (each referred to as an “Other Entity”) and us. In addition, certain of our directors, officers and employees hold MSG Sports, MSG Entertainment and/or AMC Networks stock, stock options and/or restricted stock units. These ownership interests could create actual, apparent or potential conflicts of interest when these individuals are faced with decisions that could have different implications for our Company and an Other Entity. For a discussion of certain procedures we have implemented to help ameliorate such potential conflicts that may arise, see our Definitive Proxy Statement filed with the SEC on October 25, 2023.

***Our Overlapping Directors and Officers with MSG Sports, MSG Entertainment and/or AMC Networks May Result in the Diversion of Corporate Opportunities to MSG Sports, MSG Entertainment and/or AMC Networks and Other Conflicts and Provisions in Our Amended and Restated Certificate of Incorporation May Provide Us No Remedy in That Circumstance.***

The Company’s amended and restated certificate of incorporation acknowledges that directors and officers of the Company (the “Overlap Persons”) may also be serving as directors, officers, employees, consultants or agents of an Other Entity, and that the Company may engage in material business transactions with such Other Entities. The Company has renounced its rights to certain business opportunities and the Company’s amended and restated certificate of incorporation provides that no Overlap Person will be liable to the Company or its stockholders for breach of any fiduciary duty that would otherwise occur by reason of the fact that any such individual directs a corporate opportunity (other than certain limited types of opportunities set forth in our amended and restated certificate of incorporation) to one or more of the Other Entities instead of the Company, or does not refer or communicate information regarding such corporate opportunities to the Company. These provisions in our amended and restated certificate of incorporation also expressly validate certain contracts, agreements, arrangements and transactions (and amendments, modifications or terminations thereof) between the Company and the Other Entities and, to the fullest extent permitted by law, provided that the actions of the Overlap Person in connection therewith are not breaches of fiduciary duties owed to the Company, any of its subsidiaries or their respective stockholders. See the Sphere Entertainment Co. Policy Concerning Certain Matters Relating to Madison Square Garden Entertainment Corp., Madison Square Garden Sports Corp. and AMC Networks Inc., including Responsibilities of Overlapping Directors and Officers filed as Exhibit 10.33 to this Form 10-K for more information.

## Item 1B. Unresolved Staff Comments

None.

## Item 1C. Cybersecurity

All companies utilizing technology are subject to the risk of breaches of or unauthorized access to their computer systems. The Company maintains a cyber risk management program designed to assess, identify and manage cybersecurity threats. The Company's cyber risk management program has been integrated into our overall risk management program. The Audit Committee of our Board of Directors and our management are involved in the oversight of our risk management program, of which cybersecurity represents an important component. We have established policies and processes for assessing, identifying, and managing material risks from cybersecurity threats and incidents. Our policies and processes include, among other things:

- regular system security testing;
- a cybersecurity incident response policy (including the use of third-party vendors, as needed);
- periodic and ongoing security awareness training for employees;
- the use of several comprehensive vulnerability analysis systems to evaluate software vulnerabilities both internally and externally; and
- mechanisms to detect and monitor unusual network activity.

The Company also requires that all third-party vendors that have access to or handle sensitive information undergo a risk-based vendor security assessment. We also maintain controls and procedures that are designed to promptly escalate certain cybersecurity incidents so that decisions regarding public disclosure and reporting of such incidents can be made by management and the Audit Committee of our Board of Directors in a timely manner. There can be no guarantee that our policies and processes will be properly followed in every instance or that those policies and processes will be effective.

Our cyber risk management program is based on recognized best practices and standards for cybersecurity and information technology and aims to identify and address cybersecurity risks through a comprehensive, cross-functional approach. The Company has established a cybersecurity leadership response team consisting of members of senior management, including the Chief Security Officer ("CSO") of MSG Entertainment (who provides services to the Company), the Company's Chief Financial Officer ("CFO"), and the Company's General Counsel ("GC"), as well as a tactical incident response team comprised of employees from the threat management department.

The CSO is primarily responsible for leading the tactical incident response team, including the implementation of defense capabilities and risk mitigation strategies, and communicating with senior management and the cybersecurity leadership response team. The CSO has over 20 years of security operations, information technology and cybersecurity experience. He has served as Executive Vice President and Chief Security Officer at MSG Entertainment since April 2023 and, prior to the MSGE Distribution, held senior roles at the Company, including serving as Executive Vice President and Chief Security Officer from 2021 to April 2023 and Senior Vice President and Chief Security Officer from 2020 to 2021, and served as MSG Sports' Senior Vice President and Chief Security Officer from 2018 to 2020 prior to the 2020 Entertainment Distribution. He is supported by his direct reports and their teams.

The cybersecurity leadership response team also includes other senior members from the legal, internal audit, communications and threat management departments. This leadership response team meets as needed to review various cybersecurity and data privacy matters as escalated by the tactical incident response team and receives periodic updates from the tactical incident response team on such matters. The tactical incident response team is responsible for maintaining processes to assess, identify and manage material risks from cybersecurity threats and has primary responsibility for executing the response to any cybersecurity incident. In addition, the CSO and/or the tactical incident response team have identified third party vendors that can assist as needed with responding to any cybersecurity incident and determine if members of the cybersecurity leadership response team or other employees or vendors should be involved in the Company's response.

Our Audit Committee is responsible for overseeing the Company's risk management on behalf of our Board of Directors, which includes overseeing the Company's management of its cybersecurity and data privacy. The CSO (or a senior member of his team) reports annually to the Audit Committee regarding the Company's information security and cybersecurity risks. In addition, the Company's CFO and GC communicate with the Company's Audit Committee or its chair upon the occurrence of specified types of cybersecurity-related events, in accordance with the Company's incident response policy. The GC, the CFO and the Vice President, Internal Audit & SOX also attend quarterly meetings of the Audit Committee to provide quarterly reports with updates on, among other things, cybersecurity risks facing the Company. The Audit Committee reports to the Board of Directors at least annually regarding its responsibilities and actions taken throughout the year, which includes any significant activities regarding its oversight of risks from cybersecurity threats.

Although we have not been materially impacted by any cybersecurity incident to date, we are subject to cybersecurity threats, as discussed in Item 1A. Risk Factors, including in the risk factor entitled “*We Face Continually Evolving Cybersecurity and Other Technology-Related Risks, Which Could Result in Loss, Disclosure, Theft, Destruction or Misappropriation of, or Access to, Our Confidential Information and Cause Disruption of Our Business, Damage to Our Brands and Reputation, Legal Exposure and Financial Losses.*”

## **Item 2. Properties**

We lease properties in New York City of approximately 64,000 square feet housing MSG Networks’ administrative and executive offices and approximately 18,000 square feet of studio space.

We also lease approximately 810,000 square feet in Las Vegas, Nevada, under a ground lease for the land where Sphere in Las Vegas is located, and own approximately 230,000 square feet of property in Stratford, London. See “Item 1. Business — Our Business — Sphere.” In addition, we lease approximately 14,000 square feet in Las Vegas, Nevada, related to office space and approximately 153,000 square feet in Burbank, California, where Sphere Studios has office space and content creation and testing facilities.

Sphere in Las Vegas has the benefit of easements with respect to the pedestrian bridge to The Venetian. Our ability to continue to utilize these and other easements requires us to comply with certain conditions. Moreover, certain adjoining property owners have easements over our property, which we are required to maintain so long as those property owners meet certain conditions.

## **Item 3. Legal Proceedings**

Fifteen complaints were filed in connection with the Networks Merger by purported stockholders of the Company and MSG Networks Inc.

Nine of these complaints involved allegations of materially incomplete and misleading information set forth in the joint proxy statement/prospectus filed by the Company and MSG Networks Inc. in connection with the Networks Merger. As a result of supplemental disclosures made by the Company and MSG Networks Inc. on July 1, 2021, all of the disclosure actions were voluntarily dismissed with prejudice prior to or shortly following the consummation of the Networks Merger.

Six complaints involved allegations of fiduciary breaches in connection with the negotiation and approval of the Networks Merger and were consolidated into two remaining litigations.

On September 10, 2021, the Court of Chancery of the State of Delaware (the “Court”) entered an order consolidating two derivative complaints filed by purported Company stockholders. The consolidated action is captioned: *In re Madison Square Garden Entertainment Corp. Stockholders Litigation*, C.A. No. 2021-0468-KSJM (the “MSG Entertainment Litigation”). The consolidated plaintiffs filed their Verified Consolidated Derivative Complaint on October 11, 2021. The complaint, which named the Company as only a nominal defendant, retained all of the derivative claims and alleged that the members of the board of directors and controlling stockholders violated their fiduciary duties in the course of negotiating and approving the Networks Merger. Plaintiffs sought, among other relief, an award of damages to the Company including interest, and plaintiffs’ attorneys’ fees. Pursuant to the indemnity rights in its bylaws and Delaware law, the Company advanced the costs incurred by defendants in this action, and defendants asserted indemnification rights in respect of any adverse judgment or settlement of the action.

On March 14, 2023, the parties to the MSG Entertainment Litigation reached an agreement in principle to settle the MSG Entertainment Litigation, without admitting liability, on the terms and conditions set forth in a binding term sheet, which was incorporated into a long-form settlement agreement (the “MSGE Settlement Agreement”) that was filed with the Court on April 20, 2023. The MSGE Settlement Agreement provided for, among other things, the final dismissal of the MSG Entertainment Litigation in exchange for a settlement payment to the Company of approximately \$85 million, subject to customary reduction for attorneys’ fees and expenses, in an amount to be determined by the Court. The settlement’s amount was fully funded by the other defendants’ insurers. The MSGE Settlement Agreement was approved by the Court on August 14, 2023, which constituted the final judgment in the action.

On September 27, 2021, the Court entered an order consolidating four complaints filed by purported former stockholders of MSG Networks Inc. The consolidated action is captioned: *In re MSG Networks Inc. Stockholder Class Action Litigation*, C.A. No. 2021-0575-KSJM (the “MSG Networks Litigation”). The consolidated plaintiffs filed their Verified Consolidated Stockholder Class Action Complaint on October 29, 2021. The complaint asserted claims on behalf of a putative class of former MSG Networks Inc. stockholders against each member of the board of directors of MSG Networks Inc. and the controlling stockholders prior to the Networks Merger. Plaintiffs alleged that the MSG Networks Inc. board of directors and controlling stockholders breached their fiduciary duties in negotiating and approving the Networks Merger. The Company was not named as a defendant but was subpoenaed to produce documents and testimony related to the Networks Merger. Plaintiffs sought, among other relief, monetary damages for the putative class and plaintiffs’ attorneys’ fees. Pursuant to the indemnity rights in its bylaws and Delaware law, the Company advanced

the costs incurred by defendants in this action, and defendants asserted indemnification rights in respect of any adverse judgment or settlement of the action.

On April 6, 2023, the parties to the MSG Networks Litigation reached an agreement in principle to settle the MSG Networks Litigation, without admitting liability, on the terms and conditions set forth in a binding term sheet, which was incorporated into a long-form settlement agreement (the “MSGN Settlement Agreement”) that was filed with the Court on May 18, 2023. The MSGN Settlement Agreement provided for, among other things, the final dismissal of the MSG Networks Litigation in exchange for a settlement payment to the plaintiffs and the class of approximately \$48.5 million, of which approximately \$28 million has been paid by the Company and \$20.5 million has been paid to the plaintiffs by insurers (who agreed to advance these costs subject to final resolution of the parties’ insurance coverage dispute). The MSGN Settlement Agreement was approved by the Court on August 14, 2023, which constituted the final judgment in the action. MSG Networks Inc. has a dispute with its insurers over whether and to what extent there is insurance coverage for the settlement (and has settled with one of the insurers). As of June 30, 2024, approximately \$18 million has been accrued for by the Company in Accounts payable, accrued and other current liabilities (reduced from \$20.5 million accrued as of March 31, 2024 in connection with the aforementioned settlement). Unless MSG Networks Inc. and the remaining insurers settle that insurance dispute, it is expected to be finally resolved in a pending Delaware insurance coverage action.

The Company is a defendant in various other lawsuits. Although the outcome of these other lawsuits cannot be predicted with certainty (including the extent of available insurance, if any), management does not believe that resolution of these other lawsuits will have a material adverse effect on the Company.

#### **Item 4. Mine Safety Disclosures**

Not applicable.

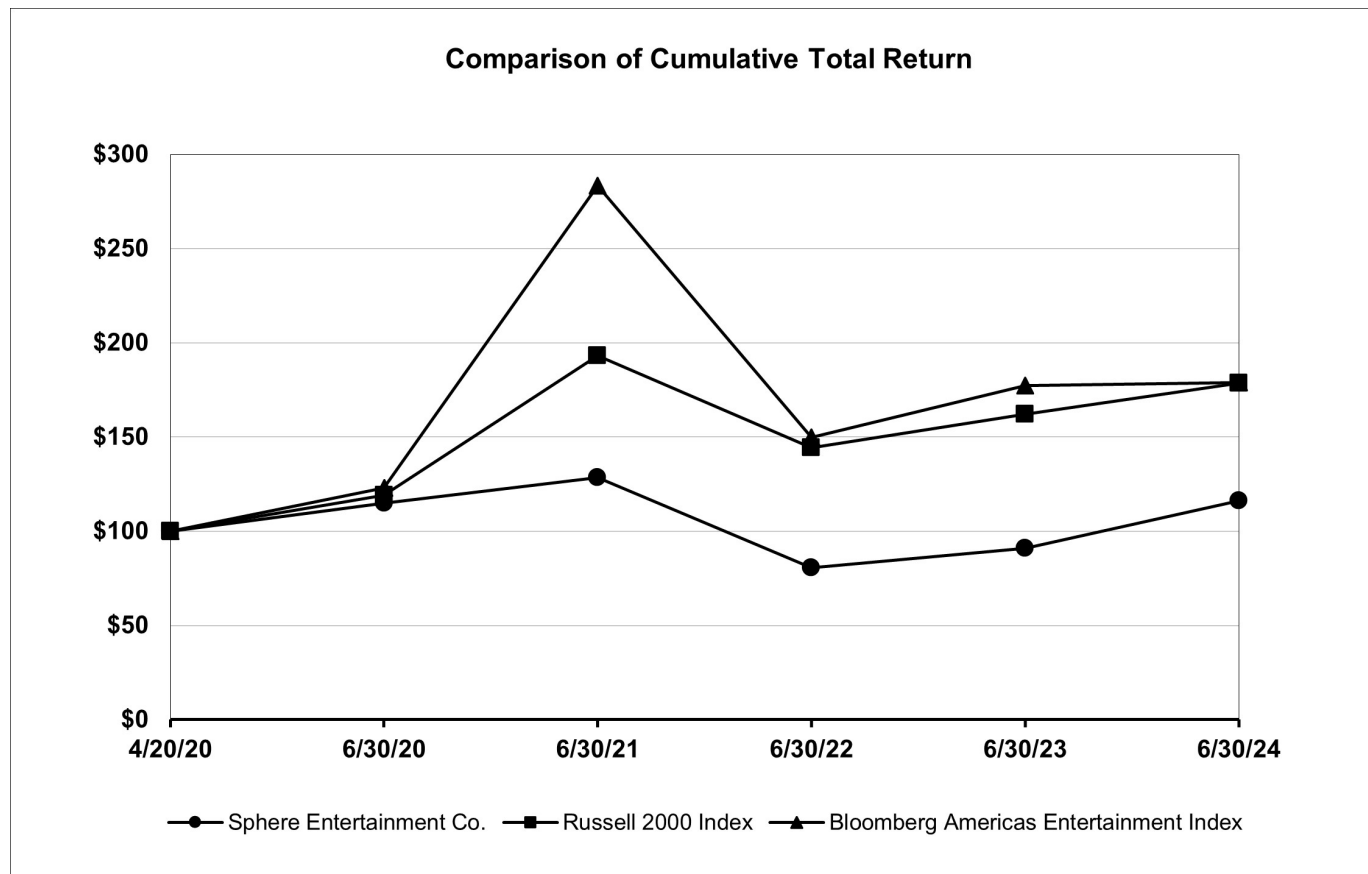
## PART II

### Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Class A Common Stock, is listed on the NYSE under the symbol "SPHR." The Company's Class A Common Stock began "regular way" trading on the NYSE on April 20, 2020.

#### Performance Graph

The following graph compares the relative performance of our Class A Common Stock, the Russell 2000 Index and the Bloomberg Americas Entertainment Index. This graph covers the period from April 20, 2020 through June 30, 2024. The comparison assumes an investment of \$100 on April 20, 2020 and reinvestment of dividends. The stock price performance included in this graph is not necessarily indicative of future stock performance. The Russell 2000 Index and the Bloomberg Americas Entertainment Index are included for comparative purposes only. They do not necessarily reflect management's opinion that such indices are an appropriate measure of the relative performance of the stock involved and they are not intended to forecast or be indicative of possible future performance of our common stock.



|                                        | Base<br>Period<br>4/20/20 | 6/30/20   | 6/30/21   | 6/30/22  | 6/30/23  | 6/30/24   |
|----------------------------------------|---------------------------|-----------|-----------|----------|----------|-----------|
| Sphere Entertainment Co.               | \$ 100.00                 | \$ 114.80 | \$ 128.53 | \$ 80.54 | \$ 90.81 | \$ 116.24 |
| Russell 2000 Index                     | 100.00                    | 119.13    | 193.03    | 144.39   | 162.16   | 178.47    |
| Bloomberg Americas Entertainment Index | 100.00                    | 123.07    | 283.23    | 149.70   | 177.25   | 178.79    |

This performance graph shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

As of June 28, 2024, there were 649 holders of record of our Class A Common Stock. There is no public trading market for our Class B common stock. As of June 28, 2024, there were 14 holders of record of our Class B Common Stock.

We did not pay any dividends on our common stock during Fiscal Year 2024 and do not have any current plans to pay a cash dividends on our common stock for the foreseeable future.

**Issuer Purchases of Equity Securities**

On March 31, 2020, the Company's Board of Directors authorized a share repurchase program to repurchase up to \$350 million of the Company's Class A Common Stock. The program was re-authorized by the Company's Board of Directors on March 29, 2023. Under the authorization, shares of Class A Common Stock may be purchased from time to time in open market transactions, in accordance with applicable insider trading and other securities laws and regulations. The timing and amount of purchases will depend on market conditions and other factors. No shares have been repurchased to date.

**Securities Authorized for Issuance Under Equity Compensation Plans**

The information required by this Item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which is expected to be filed with the SEC within 120 days of our fiscal year end.

**Item 6. [RESERVED]**

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

All dollar amounts included in the following MD&A are presented in thousands, except as otherwise noted.

*This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In this MD&A, there are statements concerning our future operating and future financial performance, including (i) the ability of MSG Networks to successfully pursue a work-out with the lenders of its existing debt, (ii) the success of Sphere and The Sphere Experience, (iii) timing and costs of new venue construction and Sphere immersive productions content, (iv) our ability to reduce or defer certain discretionary capital projects, (v) our plans for possible additional debt financing and (vi) our execution of the strategy for and the success of MSG Networks' DTC and authenticated streaming product, MSG+. Words such as "expects," "anticipates," "believes," "estimates," "may," "will," "should," "could," "potential," "continue," "intends," "plans," and similar words and terms used in the discussion of future operating and future financial performance identify forward-looking statements. Investors are cautioned that such forward-looking statements are not guarantees of future performance, results or events and involve risks and uncertainties and that actual results or developments may differ materially from the forward-looking statements as a result of various factors. Factors that may cause such differences to occur include, but are not limited to:*

- the substantial amount of debt we have incurred, the ability of our subsidiaries to make payments on, or repay or refinance, such debt under their respective credit facilities (including MSG Networks' ability to successfully pursue a work-out with the lenders of its existing debt, and if successful, the terms of such work-out), the implications of a default under those credit facilities, our ability to make payments on our 3.50% Convertible Senior Notes (as defined below) and our ability to obtain additional financing, to the extent required, on terms favorable to us or at all;
- the popularity of The Sphere Experience, as well as our ability to continue to attract advertisers and marketing partners, and audiences to attend, and artists to perform at, residencies, concerts and other events at Sphere in Las Vegas;
- the successful development of The Sphere Experience and related original immersive productions and the investments associated with such development, as well as investment in personnel, content and technology for Sphere;
- our ability to successfully design, construct, finance and operate new Sphere venues, and the investments, costs and timing associated with those efforts, including obtaining financing, the impact of inflation and any construction delays and/or cost overruns;
- our ability to successfully implement cost reductions and reduce or defer certain discretionary capital projects, if necessary;
- the level of our expenses and our operational cash burn rate, including our corporate expenses;
- the demand for MSG Networks programming among Distributors and the number of subscribers thereto, and our ability to enter into and renew affiliation agreements with Distributors, or to do so on favorable terms, as well as the impact of consolidation among Distributors;
- our ability to successfully execute MSG Networks' strategy for its DTC and authenticated streaming product, MSG+, the success of such offering and our ability to adapt to new content distribution platforms or changes in consumer behavior resulting from emerging technologies;
- the ability of our Distributors to minimize declines in subscriber levels;
- the impact of subscribers selecting Distributors' packages that do not include our networks or distributors that do not carry our networks at all;
- MSG Networks' ability to renew or replace its media rights agreements with professional sports teams and its ability to perform its obligations thereunder;
- the relocation or insolvency of professional sports teams with which we have a media rights agreement;
- general economic conditions, especially in the Las Vegas and New York City metropolitan areas where we have significant business activities;
- the demand for advertising and marketing partnership offerings at Sphere and advertising and viewer ratings for our networks;

- competition, for example, from other venues (including the construction of new competing venues) and other regional sports and entertainment offerings;
- our ability to effectively manage any impacts of future pandemics or public health emergencies, as well as renewed actions taken in response by governmental authorities or certain professional sports leagues, including ensuring compliance with rules and regulations imposed upon our venues, to the extent applicable;
- the effect of any postponements or cancellations of events by third-parties or the Company as a result of future pandemics, due to operational challenges and other health and safety concerns;
- the extent to which attendance at Sphere in Las Vegas may be impacted by government actions, health concerns of potential attendees or reduced tourism;
- the security of our MSG Networks program signal and electronic data;
- the on-ice and on-court performance and popularity of the professional sports teams whose games we broadcast on our networks;
- changes in laws, guidelines, bulletins, directives, policies and agreements, and regulations under which we operate;
- any economic, social or political actions, such as boycotts, protests, work stoppages or campaigns by labor organizations, including the unions representing players and officials of the NBA and the NHL, artists or employees involved in our productions or other work stoppages that may impact us or our business partners;
- seasonal fluctuations and other variations in our operating results and cash flow from period to period;
- business, reputational and litigation risk if there is a cyber or other security incident resulting in loss, disclosure or misappropriation of stored personal information, disruption of our Sphere or MSG Networks businesses or disclosure of confidential information or other breaches of our information security;
- activities or other developments (such as pandemics, including the COVID-19 pandemic) that discourage or may discourage congregation at prominent places of public assembly, including our venue;
- the level of our capital expenditures and other investments (and any impairment charges related thereto);
- the acquisition or disposition of assets or businesses and/or the impact of, and our ability to successfully pursue, acquisitions or other strategic transactions;
- our ability to successfully integrate acquisitions, new venues or new businesses into our operations;
- the operating and financial performance of our strategic acquisitions and investments, including those we do not control;
- our internal control environment and our ability to identify and remedy any future material weaknesses;
- the costs associated with, and the outcome of, litigation and other proceedings to the extent uninsured, including litigation or other claims against companies we invest in or acquire;
- the impact of governmental regulations or laws, changes in these regulations or laws or how those regulations and laws are interpreted, as well as our ability to maintain necessary permits, licenses and easements;
- the impact of sports league rules, regulations and/or agreements and changes thereto;
- financial community perceptions of our business, operations, financial condition and the industries in which we operate;
- the ability of our investees and others to repay loans and advances we have extended to them;
- the performance by our affiliated entities of their obligations under various agreements with us, as well as our performance of our obligations under such agreements and ongoing commercial arrangements;
- the tax-free treatment of the MSGE Distribution and the distribution from MSG Sports in 2020; and
- the additional factors described under “Part I — Item 1A. Risk Factors” included in this Form 10-K.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in “Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. We cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, except as required by law, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Form 10-K to conform these statements to actual results or to changes in our expectations.

## **Introduction**

This MD&A is provided as a supplement to, and should be read in conjunction with, the audited consolidated financial statements and footnotes thereto included in Item 8 of this Form 10-K to help provide an understanding of our financial condition, changes in financial condition and results of operations.

Our MD&A is organized as follows:

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

*Results of Operations.* This section provides an analysis of our results of operations for Fiscal Years 2024, 2023 and 2022 on both a (i) consolidated basis and (ii) segment basis.

*Liquidity and Capital Resources.* This section provides a discussion of our financial condition and liquidity, as well as an analysis of our cash flows for Fiscal Years 2024, 2023 and 2022. The discussion of our financial condition and liquidity includes summaries of our primary sources of liquidity, our contractual obligations and off balance sheet arrangements that existed at June 30, 2024.

*Seasonality of Our Business.* This section discusses the seasonal performance of our business.

*Recently Issued Accounting Pronouncements and Critical Accounting Policies.* This section cross-references a discussion of critical accounting policies considered to be important to our financial condition and results of operations and which require significant judgment and estimates on the part of management in their application. Our critical accounting policies and recently issued accounting pronouncements, are discussed in Items 7 and 8, respectively, of this Form 10-K.

## **Business Overview**

The Company is a premier live entertainment and media company comprised of two reportable segments, Sphere and MSG Networks. Sphere is a next-generation entertainment medium, and MSG Networks operates two regional sports and entertainment networks, as well as a DTC and authenticated streaming product.

*Sphere:* This segment reflects Sphere™, a next-generation entertainment medium powered by cutting-edge technologies to create multi-sensory experiences at an unparalleled scale. The Company’s first Sphere opened in Las Vegas on September 29, 2023. The venue can accommodate up to 20,000 guests and can host a wide variety of events year-round, including The Sphere Experience™, which features original immersive productions, as well as concerts and residencies from renowned artists, and marquee sports and corporate events. Production efforts are supported by Sphere Studios™, an immersive content studio dedicated to creating multi-sensory experiences exclusively for Sphere. Sphere Studios, is home to a team of creative, production, technology and software experts who provide full in-house creative and production services. The studio campus in Burbank includes a 68,000-square-foot development facility, as well as Big Dome, a 28,000-square-foot, 100-foot high custom dome, with a quarter-sized version of the screen at Sphere in Las Vegas, that serves as a specialized screening, production facility, and lab for content at Sphere. The entire exterior surface of Sphere, referred to as the Exosphere™, is covered with nearly 580,000 square feet of fully programmable LED paneling, creating the largest LED screen in the world and an impactful display for artists, brands and partners.

*MSG Networks:* This segment is comprised of the Company's regional sports and entertainment networks, MSG Network and MSG Sportsnet, as well as its DTC streaming product, MSG+. MSG Networks serves the New York Designated Market Area, as well as other portions of New York, New Jersey, Connecticut and Pennsylvania and features a wide range of sports content, including exclusive live local games and other programming of the Knicks of the NBA and the Rangers, the Islanders, the Devils and the Sabres of the NHL, as well as significant coverage of the Giants and the Bills of the NFL.

## **Description of Our Segments**

### **Sphere**

#### ***Revenue Sources — Sphere***

The Sphere segment earns revenue from several primary sources:

- ticket sales to our audiences for The Sphere Experience,
- license fees for our venue paid by third-party promoters or licensees in connection with events that we do not produce or promote/co-promote,
- sponsorships, signage and Exosphere advertising,
- suite license fees at Sphere,
- facility and ticketing fees,
- concessions, and
- the sale of merchandise.

The amount of revenue and expense recorded for a given event depends to a significant extent on whether the Company is promoting or co-promoting the event or is licensing the venue to a third party.

For Fiscal Year 2024, the Sphere segment represented approximately 48.4% of our consolidated revenues.

#### ***Ticket Sales and Suite Licenses***

For The Sphere Experience we recognize revenues from the sale of tickets to our audiences. We sell tickets to the public through our box office, via our websites and ticketing agencies. The amount of revenue we earn from ticket sales depends on the number of shows and the mix of events that we promote, the available venue capacity, the extent to which we can sell to fully utilize the capacity, and our ticket prices.

Sphere in Las Vegas has 23 premium suites. Suite licenses at Sphere in Las Vegas are generally sold to corporate customers, including some with multi-year licenses with annual escalators.

Under standard suite licenses, the licensees pay an annual license fee, which varies depending on the location of the suite. The license fee includes, for each seat in the suite, tickets for events at Sphere in Las Vegas for which tickets are sold to the general public, subject to certain exceptions. In addition, suite holders separately pay for food and beverage service in their suites at Sphere in Las Vegas.

#### ***Venue License Fees***

For entertainment events held at Sphere that we do not produce, promote or co-promote, we typically earn revenue from venue license fees charged to the third-party promoter or producer of the event (including live entertainment, marquee sporting and corporate events). The amount of license fees we charge varies by the size of the production and the number of days utilized, among other factors. Our fees typically include both the cost of renting Sphere in Las Vegas and costs for providing event staff, such as front-of-house and back-of-house staff, including stagehands, electricians, laborers, box office staff, ushers and security as well as production services such as staging, lighting and sound.

#### ***Sponsorship, Signage and Exosphere Advertising***

We earn (or may in the future earn) revenues through the sale of advertising, signage space and sponsorship rights in connection with Sphere, The Sphere Experience and third-party live entertainment events, including advertising displayed on the Exosphere.

Sponsorship agreements may require us to use the name, logos and other trademarks of sponsors in our advertising and in promotions for Sphere, The Sphere Experience and other live entertainment events. Sponsorship arrangements may be exclusive within a particular sponsorship category or non-exclusive and generally permit a sponsor to use the name, logos and other trademarks of Sphere, The Sphere Experience, and other events in connection with their own advertising and in promotions in our venue or in the community.

#### *Facility and Ticketing Fees*

For all public and ticketed events held in Sphere in Las Vegas we also earn additional revenues on substantially all tickets sold, whether we promote/co-promote the event or license the venue to a third party. These revenues are earned in the form of certain fees and assessments, including the facility fees we charge.

#### *Concessions*

We sell food and beverages during substantially all events held at Sphere in Las Vegas. In addition to concession-style sales of food and beverages, which represent the majority of our concession revenues, we also generate revenue from catering for our suites at Sphere in Las Vegas.

#### *Merchandise*

We earn revenues from the sale of merchandise related to The Sphere Experience and other live entertainment events that take place at Sphere. The majority of our merchandise revenues are generated through on-site sales during performances of The Sphere Experience and other live events. Typically, revenues from our merchandise sales at our non-proprietary events relate to sales of merchandise provided by the artist, the producer or promoter of the event and are generally subject to a revenue sharing arrangement and are generally recorded on a net basis (as agent).

See Note 2. Summary of Significant Accounting Policies to the consolidated financial statements included in Item 8 of this Form 10-K for further details regarding our accounting policies on revenue recognition.

#### ***Expenses — Sphere***

The Sphere segment incurs expenses related to day-of-event costs associated with events, costs to produce The Sphere Experience and costs associated with the promotion of events through various advertising campaigns, including production costs for Exosphere advertising. Additionally, it incurs corporate and supporting department operating costs, including charges under the transition services agreement with MSG Entertainment (the “MSG E TSA”), and other operating expenses such as insurance, utilities, repairs and maintenance, labor related to the overall management of the Sphere segment, non-capitalizable content development and technology costs associated with the Company’s Sphere initiative, and depreciation and amortization expense related to certain corporate property, equipment and leasehold improvements.

#### *Day-of-Event Costs*

For days in which the Company promotes an event or licenses Sphere in Las Vegas to a third-party promoter under a license fee arrangement, the event is charged the variable costs associated with such event, including box office staff, stagehands, ticket takers, ushers, security, and other similar expenses. In situations where we license Sphere in Las Vegas to a third-party promoter under a license fee arrangement, day-of-event costs are typically included in the license fees charged to the promoter.

#### *Production Costs*

The Company incurs certain costs during the production phase of original immersive productions (which are part of The Sphere Experience) that are directly related to production activities. Such costs include, but are not limited to, fees paid to writers, directors and producers as well as video and music production costs and production-specific overhead. Production costs are generally deferred when incurred and are subsequently amortized over the run of a production, in line with the corresponding proportional revenue.

#### *Venue Usage*

The Company’s consolidated financial statements include expenses associated with the ownership, maintenance and operation of Sphere.

### *Marketing and Advertising Costs*

The Company incurs significant costs promoting The Sphere Experience and other events held at Sphere through various advertising campaigns, including advertising on social and digital platforms, television, outdoor platforms and radio, and in newspapers. In light of the intense competition for entertainment events, such expenditures are a necessity to drive interest in our productions and encourage members of the public to purchase tickets to our shows.

### *Exosphere Advertising Costs*

The Company incurs in-house and third party production costs to create content for companies to advertise on the Exosphere. Production costs are generally deferred when incurred and are subsequently expensed when the advertisement runs on the Exosphere, in line with the corresponding proportional revenue.

### *Other Expenses*

The Company's selling, general and administrative expenses primarily consist of administrative costs, including compensation, professional fees, advertising sales commissions, as well as sales and marketing costs, including non-event related advertising expenses. Operating expenses also include corporate overhead costs and venue operating expenses. Venue operating expenses include the non-event related costs of operating Sphere, and include such costs as real estate taxes, insurance, utilities, repairs and maintenance, and labor related to the overall management of the venue.

See Note 2. Summary of Significant Accounting Policies to the consolidated financial statements included in Item 8 of this Form 10-K for further details regarding our accounting policies on direct operating expenses.

## **MSG Networks**

### ***Revenue Sources — MSG Networks***

The MSG Networks segment generates revenues principally from distribution fees, as well as from the sale of advertising. For Fiscal Year 2024, this segment represented approximately 51.6% of our consolidated revenues.

### *Distribution Revenue*

Distribution revenue includes both affiliation fee revenue earned from Distributors for the right to carry the Company's networks as well as revenue earned from subscriptions and single game purchases on the Company's DTC and authenticated streaming product. The fees we receive depend largely on the demand from subscribers for our programming.

### *Advertising Revenue*

MSG Networks' advertising revenue is largely derived from the sale of inventory in its live professional sports programming. As such, a disproportionate share of this revenue is earned in the second and third fiscal quarters. In certain advertising arrangements, the Company guarantees specific viewer ratings for its programming.

### ***Expenses — MSG Networks***

Direct operating expenses primarily include the cost of professional team rights acquired under media rights agreements to telecast various sporting events on our networks, and other direct programming and production-related costs of our networks.

MSG Networks is a party to long-term media rights agreements with the Knicks and the Rangers, which provide the Company with the exclusive live media rights to the teams' games in their local markets. In addition, MSG Networks has multi-year media rights agreements with the Islanders, Devils and Sabres. The media rights acquired under these agreements to telecast various sporting events and other programming for exhibition on our networks are typically expensed on a straight-line basis over the applicable annual contract or license period. We negotiate directly with the teams to determine the fee and other provisions of the media rights agreements. Media rights fees for sports programming are influenced by, among other things, the size and demographics of the geographic area in which the programming is distributed, and the popularity and/or the competitiveness of a team.

Other direct programming and production-related costs include, but are not limited to, the salaries of on-air personalities, producers, directors, technicians, writers and other creative staff, as well as expenses associated with location costs, remote facilities and maintaining studios, origination, and transmission services and facilities.

## **Other Expenses**

The Company's selling, general and administrative expenses primarily consist of administrative costs, including compensation, professional fees, advertising sales commissions, as well as sales and marketing costs, including non-event related advertising expenses. Selling, general and administrative expenses for periods prior to the MSGE Distribution include certain corporate overhead expenses that do not meet the criteria for inclusion in discontinued operations.

Prior to December 31, 2022, MSG Networks was party to an advertising sales representation agreement (the "Networks Advertising Sales Representation Agreement") with MSG Entertainment that gave MSG Entertainment the exclusive right and obligation to sell certain of MSG Networks' advertising availabilities for a commission. The Networks Advertising Sales Representation Agreement was terminated effective as of December 31, 2022. Starting January 1, 2023, all costs incurred by MSG Networks to sell advertising (that was previously performed by MSG Entertainment) are included in selling, general, and administrative expenses.

## **Factors Affecting Operating Results**

The operating results of our Sphere segment are largely dependent on our ability to continue to attract (i) audiences to The Sphere Experience, (ii) advertisers and marketing partners, and (iii) guests to attend, and artists to perform at, residencies, concerts and other events at our venue. The operating results of our MSG Networks segment are largely dependent on (i) the affiliation agreements MSG Networks negotiates with Distributors, (ii) the number of subscribers of certain Distributors, (iii) the success of MSG+, MSG Networks' DTC and authenticated streaming product, and (iv) the advertising rates we charge advertisers. Certain of these factors in turn depend on the popularity and/or performance of the professional sports teams whose games we broadcast on our networks.

Our Company's future performance is dependent in part on general economic conditions and the effect of these conditions on our customers. Weak economic conditions may lead to lower demand for our entertainment offerings (including The Sphere Experience) and programming content, which would also negatively affect concession and merchandise sales, and could lead to lower levels of advertising, sponsorship and venue signage. These conditions may also affect the number of immersive productions, concerts, residencies and other events that take place in the future. An economic downturn could adversely affect our business and results of operations.

The Company continues to explore additional opportunities to expand our presence in the entertainment industry, both domestically and internationally. Any new investment may not initially contribute to operating income, but is intended to contribute to the success of the Company over time. Our results will also be affected by investments in, and the success of, new immersive productions.

## **Factors Affecting Comparability**

### ***MSGE Distribution***

On April 20, 2023, the MSGE Distribution Date, the Company distributed approximately 67% of the outstanding common stock of MSG Entertainment to its stockholders, with the Company retaining approximately 33% of the outstanding common stock of MSG Entertainment (in the form of MSG Entertainment Class A common stock) immediately following the MSGE Distribution. Following the MSGE Distribution Date, the Company retained the Sphere and MSG Networks businesses and MSG Entertainment now owns the traditional live entertainment business previously owned and operated by the Company through its Entertainment business segment, excluding the Sphere business. In the MSGE Distribution, stockholders of the Company received (a) one share of MSG Entertainment's Class A common stock, par value \$0.01 per share, for every share of the Company's Class Common Stock held of record as of the close of business, New York City time on the Record Date, and (b) one share of MSG Entertainment's Class B common stock, par value \$0.01 per share, for every share of the Company's Class B Common Stock, held of record as of the close of business, New York City time, on the Record Date. As of June 30, 2024, following the sales of portions of the MSGE Retained Interest and the repayment of the delayed draw term loan with MSG Entertainment using a portion of the MSGE Retained Interest, the Company no longer holds any of the outstanding common stock of MSG Entertainment.

As of April 20, 2023, the MSG Entertainment business met the criteria for discontinued operations and was classified as a discontinued operation. See Note 3. Discontinued Operations to the consolidated financial statements included in Item 8 of this Form 10-K for further details regarding the MSGE Distribution.

### ***Tao Group Hospitality Disposition***

On May 3, 2023, the Company completed the sale of its 66.9% majority interest in Tao Group Hospitality to a subsidiary of Mohari Hospitality Limited, a global investment company focused on the luxury lifestyle and hospitality sectors.

Since March 31, 2023, the Tao Group Hospitality segment met the criteria for discontinued operations and was classified as a discontinued operation. See Note 3. Discontinued Operations to the consolidated financial statements included in Item 8 of this Form 10-K for further details regarding the Tao Group Hospitality Disposition.

After giving effect to the MSGE Distribution and Tao Group Hospitality Disposition, the Company operates and reports financial information in two reportable segments: Sphere and MSG Networks.

The MSGE Distribution and Tao Group Hospitality Disposition both qualified for discontinued operations presentation under accounting principles generally accepted in the United States of America (“GAAP”) during Fiscal Year 2023. As such, the Company’s historical results for all periods presented have been recast to exclude the operations of each disposed business. In addition, results from continuing operations for these periods include certain corporate overhead expenses that the Company did not incur in the period after the completion of the MSGE Distribution and does not expect to incur in future periods, but which do not meet the criteria for inclusion in discontinued operations. The reported financial results of the Company for the periods after the MSGE Distribution reflect the Company’s results on a standalone basis, including the Company’s actual corporate overhead.

### **Change in Fiscal Year**

On June 26, 2024, the Board of Directors approved a change in the Company’s fiscal year-end from June 30 to December 31, effective December 31, 2024. The Company plans to report its financial results for the six-month transition period of July 1, 2024 through December 31, 2024 on an Annual Report on Form 10-K/T and to thereafter file reports for the twelve-month period ending December 31 of each year, beginning with the twelve-month period ending December 31, 2025. Prior to filing the transition report, the Company will file its Quarterly Report on Form 10-Q for the quarter ending September 30, 2024.

## Results of Operations

### Comparison of the Fiscal Year Ended June 30, 2024 versus the Fiscal Year Ended June 30, 2023

#### Consolidated Results of Operations

The table below sets forth, for the periods presented, certain historical financial information.

|                                                                                                    | Years Ended June 30, |            | Change       |            |
|----------------------------------------------------------------------------------------------------|----------------------|------------|--------------|------------|
|                                                                                                    | 2024                 | 2023       | Amount       | Percentage |
| Revenues                                                                                           | \$ 1,026,889         | \$ 573,831 | \$ 453,058   | 79 %       |
| Direct operating expenses                                                                          | (547,824)            | (342,211)  | (205,613)    | (60)%      |
| Selling, general and administrative expenses                                                       | (432,853)            | (452,142)  | 19,289       | 4 %        |
| Depreciation and amortization                                                                      | (256,494)            | (30,716)   | (225,778)    | NM         |
| Impairment and other (losses) gains, net                                                           | (121,473)            | 6,120      | (127,593)    | NM         |
| Restructuring charges                                                                              | (9,486)              | (27,924)   | 18,438       | 66 %       |
| Operating loss                                                                                     | (341,241)            | (273,042)  | (68,199)     | (25)%      |
| Interest income                                                                                    | 25,687               | 11,585     | 14,102       | 122 %      |
| Interest expense                                                                                   | (79,868)             | —          | (79,868)     | NM         |
| Other income, net                                                                                  | 35,197               | 536,887    | (501,690)    | (93)%      |
| (Loss) income from operations before income taxes                                                  | (360,225)            | 275,430    | (635,655)    | NM         |
| Income tax benefit (expense)                                                                       | 135,592              | (103,403)  | 238,995      | NM         |
| (Loss) income from continuing operations                                                           | (224,633)            | 172,027    | (396,660)    | NM         |
| Income from discontinued operations, net of taxes                                                  | 23,984               | 333,653    | (309,669)    | (93)%      |
| Net (loss) income                                                                                  | (200,649)            | 505,680    | (706,329)    | NM         |
| Less: Net income attributable to redeemable noncontrolling interests from discontinued operations  | —                    | 3,925      | (3,925)      | NM         |
| Less: Net loss attributable to nonredeemable noncontrolling interests from discontinued operations | —                    | (1,017)    | 1,017        | NM         |
| Net (loss) income attributable to Sphere Entertainment Co.'s stockholders                          | \$ (200,649)         | \$ 502,772 | \$ (703,421) | NM         |

NM — Absolute percentages greater than 200% and comparisons from positive to negative values or to zero values are considered not meaningful.

The following is a summary of changes in our segments' operating results for Fiscal Year 2024 as compared to Fiscal Year 2023, which are discussed below under "Business Segment Results."

| Changes attributable to | Revenues  | Direct operating expenses | Selling, general and administrative expenses | Depreciation and amortization | Impairment and other (losses) gains, net | Restructuring charges | Operating (loss) income |
|-------------------------|-----------|---------------------------|----------------------------------------------|-------------------------------|------------------------------------------|-----------------------|-------------------------|
| Sphere segment          | \$494,549 | \$ (199,762)              | \$ (67,379)                                  | \$ (224,200)                  | \$ (127,702)                             | \$ 13,660             | \$ (110,834)            |
| MSG Networks segment    | (41,491)  | (5,851)                   | 86,668                                       | (1,578)                       | 109                                      | 4,778                 | 42,635                  |
|                         | \$453,058 | \$ (205,613)              | \$ 19,289                                    | \$ (225,778)                  | \$ (127,593)                             | \$ 18,438             | \$ (68,199)             |

#### Depreciation and amortization

Depreciation and amortization for Fiscal Year 2024 increased \$225,778, to \$256,494 as compared to Fiscal Year 2023 primarily due to assets related to Sphere in Las Vegas that were placed in service during the first quarter of Fiscal Year 2024.

#### Impairment and other (losses) gains, net

Impairment and other (losses) gains, net, were \$121,473 for Fiscal Year 2024 as compared to other gains of \$6,120 for Fiscal Year 2023. The increase in the impairment and other losses, net of \$127,593 was primarily due to the Company's decision in November 2023 to no longer pursue the development of a Sphere in the United Kingdom.

#### Restructuring charges

Restructuring charges for Fiscal Year 2024 were \$9,486, related to termination benefits provided for certain executives and employees, as compared to restructuring charges of \$27,924 for the prior year, as a result of the Company's cost reduction program implemented during Fiscal Year 2023.

### Interest income

Interest income for Fiscal Year 2024 increased \$14,102, as compared to the prior year primarily due to higher interest rates and higher average cash and cash equivalents.

### Interest expense

Interest expense for Fiscal Year 2024 increased \$79,868, as compared to the prior year primarily due to (i) the Company discontinuing the capitalization of interest expense during the second quarter of Fiscal Year 2024 as assets were placed in service following the opening of the Sphere in Las Vegas in September 2023 and (ii) interest expense on the 3.50% Convertible Senior Notes, which were issued in December 2023.

### Other income, net

Other income, net for Fiscal Year 2024, was \$35,197, primarily due to a realized gain of \$62,647 related to the settlement of litigation related to the merger between a subsidiary of the Company and MSG Networks Inc. (the “Networks Merger”), partially offset by a realized loss of \$19,027 related to the sale of the remaining portion of the MSGE Retained Interest during the first quarter of Fiscal Year 2024, as compared to Other income, net \$536,887 in the prior year, related to unrealized gains of \$341,039 and realized gains of \$204,676 associated with the Company’s partial sale of the MSGE Retained Interest.

### Income taxes

Income tax benefit from continuing operations for Fiscal Year 2024 of \$135,592 differs from income tax benefit derived from applying the statutory federal rate of 21% to the pretax loss primarily due to (i) tax benefit of \$60,877 related to the state rate change used to measure the deferred taxes, (ii) income tax benefit of \$13,757 related to the nontaxable gain on the repayment of all amounts outstanding under the delayed draw term loan facility (the “DDTL Facility”), and (iii) tax benefit of \$13,337 related to state and local taxes, partially offset by tax expense of \$29,189 related to an increase in the valuation allowance.

Income tax expense from continuing operations for Fiscal Year 2023 of \$103,403 differs from income tax expense derived from applying the statutory federal rate of 21% to the pretax income primarily due to (i) tax expense of \$35,656 related to state and local taxes, (ii) tax expense of \$4,814 related to nondeductible officers’ compensation, and (iii) tax expense related to excess share based compensation of 4,678, partially offset by a decrease in the valuation allowance of \$2,053.

See Note 17. Income Taxes to the consolidated financial statements included in Item 8 of this Form 10-K for further details on the components of income tax and a reconciliation of the statutory federal rate to the effective tax rate.

### Adjusted operating income (loss) (“AOI”)

The Company evaluates segment performance based on several factors, of which the key financial measure is adjusted operating income (loss), a non-GAAP financial measure. We define adjusted operating income (loss) as operating income (loss) excluding:

- (i) depreciation, amortization and impairments of property and equipment, goodwill and intangible assets,
- (ii) amortization for capitalized cloud computing arrangement costs,
- (iii) share-based compensation expense,
- (iv) restructuring charges or credits,
- (v) merger and acquisition-related costs, net of insurance recoveries,
- (vi) gains or losses on sales or dispositions of businesses and associated settlements,
- (vii) the impact of purchase accounting adjustments related to business acquisitions, and
- (viii) gains and losses related to the remeasurement of liabilities under the Company’s Executive Deferred Compensation Plan.

See Note 19. Segment Information to the consolidated financial statements included in Item 8 of this Form 10-K for further discussion on the definition of AOI.

The Company believes that the exclusion of share-based compensation expense or benefit allows investors to better track the performance of the Company’s business without regard to the settlement of an obligation that is not expected to be made in cash. The Company eliminates merger and acquisition-related costs, when applicable, because the Company does not consider such costs to be indicative of the ongoing operating performance of the Company as they result from an event that is of a non-recurring nature, thereby enhancing comparability. In addition, management believes that the exclusion of gains and losses related to the remeasurement of liabilities under the Company’s Executive Deferred Compensation Plan provides investors with a clearer picture of the Company’s operating performance given that, in accordance with GAAP, gains and losses related to the

remeasurement of liabilities under the Company's Executive Deferred Compensation Plan are recognized in Operating income (loss) whereas gains and losses related to the remeasurement of the assets under the Company's Executive Deferred Compensation Plan, which are equal to and therefore fully offset the gains and losses related to the remeasurement of liabilities, are recognized in Other income (expense), net, which is not reflected in Operating income (loss).

The Company believes AOI is an appropriate measure for evaluating the operating performance of its business segments and the Company on a consolidated basis. AOI and similar measures with similar titles are common performance measures used by investors and analysts to analyze the Company's performance. The Company uses revenues and AOI measures as the most important indicators of its business performance, and evaluates management's effectiveness with specific reference to these indicators.

AOI should be viewed as a supplement to and not a substitute for operating income (loss), net income (loss), cash flows from operating activities, and other measures of performance and/or liquidity presented in accordance with GAAP. Since AOI is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similar measures with similar titles used by other companies. The Company has presented the components that reconcile operating income (loss), the most directly comparable GAAP financial measure, to AOI.

The following is a reconciliation of operating loss to adjusted operating income (loss):

|                                                                   | Years Ended June 30, |                     | Change            |            |
|-------------------------------------------------------------------|----------------------|---------------------|-------------------|------------|
|                                                                   | 2024                 | 2023                | Amount            | Percentage |
| Operating loss                                                    | \$ (341,241)         | \$ (273,042)        | \$ (68,199)       | (25)%      |
| Share-based compensation <sup>(a)</sup>                           | 46,844               | 42,607              | 4,237             |            |
| Depreciation and amortization                                     | 256,494              | 30,716              | 225,778           |            |
| Restructuring charges                                             | 9,486                | 27,924              | (18,438)          |            |
| Impairment and other losses (gains), net                          | 121,473              | (6,120)             | 127,593           |            |
| Merger and acquisition related costs, net of insurance recoveries | (12,718)             | 55,047              | (67,765)          |            |
| Amortization for capitalized cloud computing costs                | 87                   | 161                 | (74)              |            |
| Remeasurement of deferred compensation plan liabilities           | 306                  | 187                 | 119               |            |
| Adjusted operating income (loss)                                  | <u>\$ 80,731</u>     | <u>\$ (122,520)</u> | <u>\$ 203,251</u> | NM         |

NM — Absolute percentages greater than 200% and comparisons from positive to negative values or to zero values are considered not meaningful.

<sup>(a)</sup> For periods through the MSGE Distribution, share-based compensation includes expenses related to corporate employees that the Company does not expect to incur in future periods, but which do not meet the criteria for inclusion in discontinued operations.

Adjusted operating income (loss) for Fiscal Year 2024 increased \$203,251 to \$80,731 as compared to Fiscal Year 2023. The net increase was attributable to the following:

|                                                                   | Year Ended<br>June 30, 2024 |
|-------------------------------------------------------------------|-----------------------------|
| Decrease in adjusted operating loss of the Sphere segment         | \$ 230,866                  |
| Decrease in adjusted operating income of the MSG Networks segment | (27,615)                    |
|                                                                   | <u>\$ 203,251</u>           |

## Business Segment Results

### Sphere

The table below sets forth, for the periods presented, certain historical financial information and a reconciliation of operating loss to adjusted operating loss for the Company's Sphere segment.

|                                                                   | Years Ended June 30, |              | Change       |            |
|-------------------------------------------------------------------|----------------------|--------------|--------------|------------|
|                                                                   | 2024                 | 2023         | Amount       | Percentage |
| Revenues                                                          | \$ 497,159           | \$ 2,610     | \$ 494,549   | NM         |
| Direct operating expenses                                         | (205,307)            | (5,545)      | (199,762)    | NM         |
| Selling, general and administrative expenses                      | (393,039)            | (325,660)    | (67,379)     | (21)%      |
| Depreciation and amortization                                     | (248,248)            | (24,048)     | (224,200)    | NM         |
| Impairment and other (losses) gains, net                          | (121,473)            | 6,229        | (127,702)    | NM         |
| Restructuring charges                                             | (9,476)              | (23,136)     | 13,660       | 59 %       |
| Operating loss                                                    | \$ (480,384)         | \$ (369,550) | \$ (110,834) | (30)%      |
| Reconciliation to adjusted operating loss:                        |                      |              |              |            |
| Share-based compensation                                          | 40,514               | 36,188       | 4,326        |            |
| Depreciation and amortization                                     | 248,248              | 24,048       | 224,200      |            |
| Restructuring charges                                             | 9,476                | 23,136       | (13,660)     |            |
| Impairment and other losses (gains), net                          | 121,473              | (6,229)      | 127,702      |            |
| Merger and acquisition related costs, net of insurance recoveries | (1,176)              | (189)        | (987)        |            |
| Remeasurement of deferred compensation plan liabilities           | 306                  | 187          | 119          |            |
| Adjusted operating loss                                           | \$ (61,543)          | \$ (292,409) | \$ 230,866   | 79 %       |

NM — Absolute percentages greater than 200% and comparisons from positive to negative values or to zero values are considered not meaningful.

### Revenues

Revenues increased \$494,549 from \$2,610 for Fiscal Year 2023 to \$497,159 for Fiscal Year 2024. The net increase was attributable to the following:

|                                                                                                       | Year Ended<br>June 30, 2024 |
|-------------------------------------------------------------------------------------------------------|-----------------------------|
| Increase in revenues for The Sphere Experience                                                        | \$ 268,267                  |
| Increase in event-related revenues                                                                    | 152,061                     |
| Increase in revenues from sponsorship, signage, Exosphere advertising, and suite license fee revenues | 68,870                      |
| Other net increases                                                                                   | 5,351                       |
|                                                                                                       | <u>\$ 494,549</u>           |

The increase in revenues for The Sphere Experience was due to the October 6, 2023 debut of The Sphere Experience featuring *Postcard From Earth*, with 657 performances taking place during Fiscal Year 2024, generating average revenues of approximately \$408 per performance.

The increase in event-related revenues was primarily due to revenues from concerts and, to a lesser extent, revenues from one corporate keynote event and two marquee sporting events held at Sphere in Las Vegas.

The increase in revenues from sponsorship, signage, Exosphere advertising and suite license fee revenues primarily reflects advertising campaigns on the venue's Exosphere, which began in September 2023, and, to a lesser extent, suite license fee revenues, which reflects the opening of Sphere in Las Vegas on September 29, 2023.

### Direct operating expenses

Direct operating expenses increased \$199,762 from \$5,545 for Fiscal Year 2023 to \$205,307 for Fiscal Year 2024. The net increase was primarily attributable to the following:

|                                                                                               | Year Ended<br>June 30, 2024 |
|-----------------------------------------------------------------------------------------------|-----------------------------|
| Increase in direct operating expenses for The Sphere Experience                               | \$ 81,692                   |
| Increase in event-related direct operating expenses                                           | 52,072                      |
| Increase in venue operating expenses                                                          | 48,241                      |
| Increase in expenses from sponsorship, signage, Exosphere advertising, and suite license fees | 7,269                       |
| Other net increases                                                                           | 10,488                      |
|                                                                                               | <u>\$ 199,762</u>           |

The increase in direct operating expenses for The Sphere Experience reflects expenses associated with 657 performances of The Sphere Experience featuring *Postcard From Earth* taking place during Fiscal Year 2024, equating to average direct operating expenses of approximately \$125 per performance.

The increase in event-related direct operating expenses was primarily due to expenses from concerts and, to a lesser extent, expenses from one corporate keynote event and two marquee sporting events held at Sphere in Las Vegas.

The increase in venue operating expenses reflects the opening of Sphere in Las Vegas on September 29, 2023.

The increase in direct operating expenses from sponsorship, signage, Exosphere advertising, and suite license fees primarily reflects expenses related to advertising campaigns on the venue's Exosphere, which began in September 2023.

### Selling, general and administrative expenses

Selling, general and administrative expenses increased \$67,379, or 21%, for Fiscal Year 2024 to \$393,039 as compared to Fiscal Year 2023. The increase was primarily due to the impact of the MSGE TSA, higher employee compensation and related benefits, and other cost increases.

The overall increase was partially offset by the absence of certain corporate expenses that were included in the results for the pre-MSGE Distribution period (July 1, 2022 through April 20, 2023) in Fiscal Year 2023. While the Company did not incur these corporate costs after the MSGE Distribution Date (April 20, 2023) and does not expect to incur these corporate costs in future periods, they did not meet the criteria for inclusion in discontinued operations for all periods prior to the MSGE Distribution Date.

### Depreciation and amortization

Depreciation and amortization for Fiscal Year 2024 increased \$224,200, to \$248,248 as compared to Fiscal Year 2023 primarily due to assets related to Sphere in Las Vegas that were placed in service during the first quarter of Fiscal Year 2024.

### Restructuring charges

Restructuring charges for Fiscal Year 2024 were \$9,476 related to termination benefits provided for certain executives and employees, as compared to restructuring charges of \$23,136 for the prior year, as a result of the Company's cost reduction program implemented during Fiscal Year 2023.

### Operating loss

Operating loss for Fiscal Year 2024 increased \$110,834 to \$480,384 as compared to an operating loss of \$369,550 in Fiscal Year 2023. The increased operating loss was primarily due to the increase in direct operating expenses, selling, general and administrative expenses, higher depreciation and amortization, and an increase in impairment and other losses, net, offset by an increase in revenues and a decrease in restructuring charges.

### Adjusted operating loss

Adjusted operating loss for Fiscal Year 2024 decreased \$230,866 to \$61,543 as compared to Fiscal Year 2023. The decreased adjusted operating loss was primarily due to an increase in revenues, partially offset by an increase in direct operating expenses and selling, general and administrative expenses (excluding share-based compensation expense and merger and acquisition related costs, net of insurance recoveries).

## MSG Networks

The tables below set forth, for the periods presented, certain historical financial information and a reconciliation of operating income to adjusted operating income for the Company's MSG Networks segment.

|                                                             | Years Ended June 30, |                   | Change             |            |
|-------------------------------------------------------------|----------------------|-------------------|--------------------|------------|
|                                                             | 2024                 | 2023              | Amount             | Percentage |
| Revenues                                                    | \$ 529,730           | \$ 571,221        | \$ (41,491)        | (7)%       |
| Direct operating expenses                                   | (342,517)            | (336,666)         | (5,851)            | (2)%       |
| Selling, general and administrative expenses <sup>(a)</sup> | (39,814)             | (126,482)         | 86,668             | 69 %       |
| Depreciation and amortization                               | (8,246)              | (6,668)           | (1,578)            | (24)%      |
| Impairment and other losses, net                            | —                    | (109)             | 109                | NM         |
| Restructuring charges                                       | (10)                 | (4,788)           | 4,778              | 100 %      |
| Operating income                                            | \$ 139,143           | \$ 96,508         | \$ 42,635          | 44 %       |
| Reconciliation to adjusted operating income:                |                      |                   |                    |            |
| Share-based compensation expense                            | 6,330                | 6,419             | (89)               |            |
| Depreciation and amortization                               | 8,246                | 6,668             | 1,578              |            |
| Restructuring charges                                       | 10                   | 4,788             | (4,778)            |            |
| Impairment and other losses, net                            | —                    | 109               | (109)              |            |
| Merger and acquisition related costs                        | (11,542)             | 55,236            | (66,778)           |            |
| Amortization for capitalized cloud computing costs          | 87                   | 161               | (74)               |            |
| Adjusted operating income                                   | <u>\$ 142,274</u>    | <u>\$ 169,889</u> | <u>\$ (27,615)</u> | (16)%      |

NM — Absolute percentages greater than 200% and comparisons from positive to negative values or to zero values are considered not meaningful.

(a) As a result of the MSGE Distribution on April 20, 2023 (which is presented as discontinued operations under GAAP), prior period results of the MSG Networks segment have been recast to exclude expenses of approximately \$8,800 for Fiscal Year 2023, related to the MSG Networks' Advertising Sales Representation Agreement with MSG Entertainment, which was terminated effective as of December 31, 2022. A portion of these expenses were absorbed directly by MSG Networks following the termination of the advertising sales representation agreement and are reflected in MSG Networks' results beginning January 1, 2023.

## Revenues

Revenues for Fiscal Year 2024 decreased \$41,491, or 7%, to \$529,730 as compared to the prior year. The changes in revenues were attributable to the following:

|                                  | Year Ended<br>June 30, 2024 |
|----------------------------------|-----------------------------|
| Decrease in distribution revenue | \$ (42,551)                 |
| Increase in advertising revenue  | 1,622                       |
| Other net decreases              | (562)                       |
|                                  | <u>\$ (41,491)</u>          |

In June 2023, MSG Networks introduced MSG+, a DTC and authenticated streaming product, which allows subscribers to access MSG Network and MSG Sportsnet as well as on demand content across various devices. MSG+ is available on a free, authenticated basis to subscribers of participating Distributors (including all of MSG Networks' major Distributors), as well as for purchase by viewers on a DTC basis through monthly and annual subscriptions, as well as single game purchases. As a result, (i) distribution revenue as presented above includes both affiliation fee revenue earned from Distributors for the right to carry the Company's networks as well as revenue earned from subscriptions and single game purchases on MSG+; (ii) advertising revenue as presented above includes the impact of MSG+ advertising revenue; and (iii) total subscribers as discussed below includes both subscribers of Distributors as well as monthly and annual subscribers of MSG+.

For Fiscal Year 2024, distribution revenue decreased \$42,551, primarily due to a decrease in subscribers of approximately 12.5%, and the absence of a favorable affiliate adjustment of approximately \$2,300 recorded in the prior year, partially offset by the impact of higher affiliation rates in the current year period.

For Fiscal Year 2024, advertising revenue increased \$1,622, primarily due to higher advertising revenue related to MSG+, partially offset by lower per-game advertising revenue related to live professional sports telecasts on the linear networks and lower advertising revenue from branded content.

### Direct operating expenses

For Fiscal Year 2024, direct operating expenses increased \$5,851, or 2%, to \$342,517 as compared to the prior year. The changes were attributable to the following:

|                                                    | Year Ended<br>June 30, 2024 |
|----------------------------------------------------|-----------------------------|
| Increase in other programming and production costs | \$ 3,774                    |
| Increase in rights fees expense                    | 2,077                       |
|                                                    | <u>\$ 5,851</u>             |

For Fiscal Year 2024, other programming and production costs increased \$3,774 primarily due to the impact of MSG+ in the current year periods, partially offset by other net cost decreases.

For Fiscal Year 2024, right fees expense increased \$2,077 primarily due to the impact of annual contractual rate increases, substantially offset by reductions resulting from fewer NBA and NHL games made available to MSG Networks for exclusive broadcast.

### Selling, general and administrative expenses

For Fiscal Year 2024, selling, general and administrative expenses decreased \$86,668, to \$39,814 as compared to the prior year primarily due to (i) lower professional fees of \$59,221 inclusive of litigation-related insurance recoveries associated with the Networks Merger in the current year, (ii) lower advertising and marketing costs of \$10,625, and (iii) lower employee compensation and related benefits of \$8,891.

### Operating income

For Fiscal Year 2024, operating income increased \$42,635, or 44%, to \$139,143 as compared to the prior year. The increase in operating income was primarily due to the decrease in selling, general and administrative expenses, partially offset by the decrease in revenues and to a lesser extent, the increase in direct operating expenses.

### Adjusted operating income

For Fiscal Year 2024, adjusted operating income decreased \$27,615, or 16%, to \$142,274 as compared to the prior year, primarily due to the decrease in revenues and, to a lesser extent, the increase in direct operating expenses, partially offset by the decrease in selling, general and administrative expenses (excluding share-based compensation expense and merger and acquisition related costs).

### ***Comparison of the Fiscal Year Ended June 30, 2023 versus the Fiscal Year Ended June 30, 2022***

Analysis of our results of operations for Fiscal Year 2023, including a comparison of Fiscal Year 2023 to Fiscal Year 2022, is included in the Company's Annual Report on Form 10-K for Fiscal Year 2023, filed on August 22, 2023.

## Liquidity and Capital Resources

### *Sources and Uses of Liquidity*

As of June 30, 2024, the Company's unrestricted cash and cash equivalents balance was \$559,757, as compared to \$680,575 as of March 31, 2024. Included in unrestricted cash and cash equivalents as of June 30, 2024 was (1) \$72,619 in advance cash proceeds primarily from ticket sales, a majority of which the Company expects to pay to artists and promoters, and (2) \$117,807 of cash and cash equivalents at MSG Networks, which is not available for distribution to the Company in order to maintain compliance with the covenants under the MSG Networks Credit Facilities (as defined below) (which, for the avoidance of doubt, remain available to be used in connection with the work-out of such facilities as discussed below). In addition, as of June 30, 2024, the Company had \$417,087 of accounts payable, accrued and other current liabilities, including \$156,234 of capital expenditure accruals primarily related to Sphere construction (a significant portion of which is in dispute and which the Company does not expect to pay).

Our primary sources of liquidity are cash and cash equivalents and cash flows from the operations of our businesses. The Company's uses of cash over the next 12 months beyond the issuance date of the accompanying consolidated financial statements included in Item 8 of this Form 10-K (the "issuance date") and thereafter are expected to be substantial and include working capital-related items (including funding our operations), capital spending (including the creation of additional original content for Sphere), required debt service payments, payments we expect MSG Networks to make in connection with the work-out of its indebtedness, and investments and related loans and advances that we may fund from time to time. We may also use cash to repurchase our common stock. Our decisions as to the use of our available liquidity will be based upon the ongoing review of the funding needs of our businesses, the optimal allocation of cash resources, and the timing of cash flow generation. To the extent that we desire to access alternative sources of funding through the capital and credit markets, market conditions could adversely impact our ability to do so at that time.

Our ability to have sufficient liquidity to fund our operations and refinance our indebtedness is dependent on the ability of Sphere to generate significant positive cash flow. Although Sphere has been embraced by guests, artists, promoters, advertisers and marketing partners, and we anticipate that Sphere will generate substantial revenue and adjusted operating income on an annual basis over time, there can be no assurance that guests, artists, promoters, advertisers and marketing partners will continue to embrace this new platform. Original immersive productions, such as *Postcard From Earth*, have not been previously pursued on the scale of Sphere, which increases the uncertainty of our operating expectations. To the extent that our efforts do not result in viable shows, or to the extent that any such productions do not achieve expected levels of popularity among audiences, we may not generate the cash flows from operations necessary to fund our operations. To the extent we do not realize expected cash flows from operations from Sphere, we would have to take several actions to improve our financial flexibility and preserve liquidity, including significant reductions in both labor and non-labor expenses as well as reductions and/or deferrals in capital spending. Therefore, while we currently believe we will have sufficient liquidity from cash and cash equivalents and cash flows from operations (including expected cash flows from operations from Sphere) to fund our operations and, at a minimum, make a required quarterly amortization payment of \$20,625 on the MSG Networks Credit Facilities, as described below, no assurance can be provided that our liquidity will be sufficient in the event any of the preceding uncertainties facing Sphere are realized over the next 12 months beyond the issuance date. See "Part I —Item 1A. Risk Factors — Risks Related to Our Indebtedness, Financial Condition, and Internal Control — *We Have Substantial Indebtedness and Are Highly Leveraged, Which Could Adversely Affect Our Business.*"

The principal balance of the Company's total debt outstanding as of June 30, 2024 was \$1,383,500, including \$849,750 of debt under the MSG Networks Credit Facilities which is classified as short-term on the consolidated balance sheets. Prior to maturity of the MSG Networks Credit Facilities in October 2024, MSG Networks expects to make a \$20,625 required quarterly amortization payment on the MSG Networks Credit Facilities. The remaining outstanding borrowings under the MSG Networks Credit Facilities of \$829,125 are scheduled to mature in October 2024, which is within one year of the issuance date. However, MSG Networks will be unable to generate sufficient operating cash flows prior to the maturity to settle the remaining outstanding borrowings under the MSG Networks Credit Facilities when they become due absent action taken by management to refinance the outstanding borrowings.

As of the issuance date, MSG Networks has not been able to finalize refinancing the MSG Networks Credit Facilities with its existing syndicate of lenders. Consequently, MSG Networks has decided to pursue a work-out of the MSG Networks Credit Facilities with its existing syndicate of lenders. The Company has been advised that a cash equity contribution from Sphere Entertainment Group to MSG Networks will be required in connection with a work-out. If a contribution is made, it is not expected to adversely impact Sphere Entertainment Co.'s ability to fund its operations.

As disclosed in Note 13. Credit Facilities and Convertible Notes, all of the outstanding borrowings under the MSG Networks Credit Facilities are guaranteed by the MSGN Guarantors (as defined below) and secured by the MSGN Collateral (as defined

below). In the event MSG Networks is unable to successfully refinance the MSG Networks Credit Facilities through a work-out or otherwise, the lenders could exercise their remedies under the MSG Networks Credit Facilities, which would include, but not be limited to, declaring an event of default and foreclosing on the MSGN Collateral. MSG Networks and its subsidiaries could also seek bankruptcy protection prior to the lenders exercising their rights under the MSG Networks Credit Facilities. However, as of the issuance date, MSG Networks and its subsidiaries do not intend to seek such bankruptcy protection. See “Part I — Item 1A. Risk Factors — Risks Related to Our Indebtedness, Financial Condition, and Internal Control — *Although MSG Networks Is Pursuing a Work-out of Its Credit Facilities, There Can Be No Assurances That It Will Be Successful; If MSG Networks Is Unable to Refinance the MSG Networks Credit Facilities Through a Work-Out or Otherwise, the Outstanding Debt Thereunder Could Be Accelerated and the Lenders Could Foreclose Upon the MSG Networks Business.*” Sphere Entertainment Co., Sphere Entertainment Group and the subsidiaries of Sphere Entertainment Group (collectively, the “Non-Credit Parties”) are not legally obligated to fund the outstanding borrowings under the MSG Networks Credit Facilities, nor are the assets of the Non-Credit Parties pledged as security under the MSG Networks Credit Facilities. In the event of an exercise of post-default rights and remedies, the Company believes the lenders would have no remedies or recourse against the Non-Credit Parties pursuant to the terms of the MSG Networks Credit Facilities. While this condition raises substantial doubt about the Company’s ability to continue as a going concern, for the reasons stated above, we have concluded this condition has been effectively alleviated as of the issuance date by the lenders’ right to foreclose only on the MSGN Collateral.

See Note 13. Credit Facilities and Convertible Notes to the consolidated financial statements included in Item 8 of this Form 10-K for a discussion of the MSG Networks Credit Facilities, the LV Sphere Term Loan Facility and the 3.50% Convertible Senior Notes.

For additional information regarding the Company’s capital expenditures, including those related to Sphere in Las Vegas, see Note 19. Segment Information to the consolidated financial statements included in Item 8 of this Form 10-K.

On March 31, 2020, the Company’s Board of Directors authorized a share repurchase program to repurchase up to \$350,000 of the Company’s Class A Common Stock. The program was re-authorized by the Company’s Board of Directors on March 29, 2023. Under the authorization, shares of Class A Common Stock may be purchased from time to time in open market transactions, in accordance with applicable insider trading and other securities laws and regulations. The timing and amount of purchases will depend on market conditions and other factors. No shares have been repurchased under the share repurchase program to date.

### ***Sphere***

The Company opened Sphere in Las Vegas in September 2023. See “Part I — Item 1. Our Business — Sphere” in this Form 10-K. The venue has a number of revenue streams, including The Sphere Experience (which includes original immersive productions), advertising and marketing partnerships, and concert residencies, corporate and marquee sporting events, each of which the Company expects to become significant over time. As a result, we anticipate that Sphere in Las Vegas will generate substantial revenue and adjusted operating income on an annual basis over time.

In February 2018, we announced the purchase of land in Stratford, London, which we expected would become home to a future Sphere. The Company submitted planning applications to the local planning authority in March 2019. On November 21, 2023, the Company announced it no longer plans to allocate resources towards the development of a Sphere in the United Kingdom. In connection with this decision, we recorded an impairment charge of \$116.5 million in the quarter ended December 31, 2023.

We will continue to explore additional domestic and international markets where we believe Sphere venues can be successful. The Company’s intention for any future venues is to utilize several options, such as joint ventures, equity partners, a managed venue model and non-recourse debt financing.

### ***Financing Agreements***

See Note 13. Credit Facilities and Convertible Notes to the consolidated financial statements included in Item 8 of this Form 10-K for discussions of the Company’s debt obligations and various financing arrangements.

## *MSG Networks Credit Facilities*

*General.* MSGN L.P., MSGN Eden, LLC, an indirect subsidiary of the Company and the general partner of MSGN L.P., Regional MSGN Holdings LLC, an indirect subsidiary of the Company and the limited partner of MSGN L.P. (collectively with MSGN Eden, LLC, the “MSGN Holdings Entities”), and certain subsidiaries of MSGN L.P. have senior secured credit facilities pursuant to a credit agreement (as amended and restated on October 11, 2019, the “MSGN Credit Agreement”) consisting of: (i) an initial \$1,100,000 term loan facility (the “MSGN Term Loan Facility”) and (ii) a \$250,000 revolving credit facility (the “MSGN Revolving Credit Facility” and, together with the MSGN Term Loan Facility, the “MSG Networks Credit Facilities”), each with a term of five years. Up to \$35,000 of the MSGN Revolving Credit Facility is available for the issuance of letters of credit. As of June 30, 2024, there were no borrowings or letters of credit issued and outstanding under the MSGN Revolving Credit Facility.

*Interest Rates.* Borrowings under the MSGN Credit Agreement bear interest at a floating rate, which at the option of MSGN L.P. may be either (i) a base rate plus an additional rate ranging from 0.25% to 1.25% per annum (determined based on a total net leverage ratio), or (ii) adjusted Term SOFR (i.e., Term SOFR plus 0.10%) plus an additional rate ranging from 1.25% to 2.25% per annum (determined based on a total leverage ratio). Upon a payment default in respect of principal, interest or other amounts due and payable under the MSGN Credit Agreement or related loan documents, default interest will accrue on all overdue amounts at an additional rate of 2.00% per annum.

The MSGN Credit Agreement requires that MSGN L.P. pay a commitment fee ranging from 0.225% to 0.30% (determined based on a total net leverage ratio) in respect of the average daily unused commitments under the MSGN Revolving Credit Facility. MSGN L.P. will also be required to pay customary letter of credit fees, as well as fronting fees, to banks that issue letters of credit. The interest rate on the MSGN Term Loan Facility as of June 30, 2024 was 7.44%.

*Principal Repayments.* Subject to customary notice and minimum amount conditions, MSGN L.P. may voluntarily repay outstanding loans under the MSGN Credit Agreement at any time, in whole or in part, without premium or penalty (except for customary breakage costs with respect to Eurodollar loans). The MSGN Term Loan Facility amortizes quarterly in accordance with its terms beginning March 31, 2020 through September 30, 2024 with a final maturity date of October 11, 2024. MSGN L.P. is required to make mandatory prepayments in certain circumstances, including without limitation from the net cash proceeds of certain sales of assets (including MSGN Collateral) or casualty insurance and/or condemnation recoveries (subject to certain reinvestment, repair or replacement rights) and the incurrence of certain indebtedness, subject to certain exceptions.

*Covenants.* The MSGN Credit Agreement generally requires the MSGN Holdings Entities and MSGN L.P. and its restricted subsidiaries on a consolidated basis to comply with a maximum total leverage ratio of 5.50:1.00, subject, at the option of MSGN L.P. to an upward adjustment to 6.00:1.00 during the continuance of certain events. As of June 30, 2024, the total leverage ratio was 5.10:1.00. In addition, the MSGN Credit Agreement requires a minimum interest coverage ratio of 2.00:1.00 for the MSGN Holdings Entities and MSGN L.P. and its restricted subsidiaries on a consolidated basis. As of June 30, 2024, the interest coverage ratio was 2.25:1.00. All borrowings under the MSGN Credit Agreement are subject to the satisfaction of customary conditions, including absence of a default and accuracy of representations and warranties. As of June 30, 2024, the MSGN Holdings Entities and MSGN L.P. and its restricted subsidiaries on a consolidated basis were in compliance with the covenants.

In addition to the financial covenants discussed above, the MSGN Credit Agreement and the related security agreement contain certain customary representations and warranties, affirmative covenants, and events of default. The MSGN Credit Agreement contains certain restrictions on the ability of MSGN L.P. and its restricted subsidiaries to take certain actions as provided in (and subject to various exceptions and baskets set forth in) the MSGN Credit Agreement, including the following: (i) incurring additional indebtedness and contingent liabilities; (ii) creating liens on certain assets; (iii) making investments, loans or advances in or to other persons; (iv) paying dividends and distributions or repurchasing capital stock; (v) changing their lines of business; (vi) engaging in certain transactions with affiliates; (vii) amending specified material agreements; (viii) merging or consolidating; (ix) making certain dispositions; and (x) entering into agreements that restrict the granting of liens. The MSGN Holdings Entities are also subject to customary passive holding company covenants.

*Guarantors and Collateral.* All obligations under the MSGN Credit Agreement are guaranteed by the MSGN Holdings Entities and MSGN L.P.’s existing and future direct and indirect domestic subsidiaries that are not designated as excluded subsidiaries or unrestricted subsidiaries (the “MSGN Subsidiary Guarantors,” and together with the MSGN Holdings Entities, the “MSGN Guarantors”). All obligations under the MSGN Credit Agreement, including the guarantees of those obligations, are secured by certain assets of MSGN L.P. and each MSGN Guarantor (collectively, “MSGN Collateral”), including, but not limited to, a pledge of the equity interests in MSGN L.P. held directly by the MSGN Holdings Entities and the equity interests in each MSGN Subsidiary Guarantor held directly or indirectly by MSGN L.P.

### *LV Sphere Term Loan Facility*

*General.* On December 22, 2022, MSG LV, an indirect, wholly-owned subsidiary of the Company, entered into a credit agreement with JP Morgan Chase Bank, N.A., as administrative agent and the lenders party thereto, providing for a five-year, \$275,000 senior secured term loan facility (as amended, the “LV Sphere Term Loan Facility”).

*Interest Rates.* Borrowings under the LV Sphere Term Loan Facility bear interest at a floating rate, which at the option of MSG LV may be either (i) a base rate plus a margin of 3.375% per annum or (ii) adjusted Term SOFR (i.e., Term SOFR plus 0.10%) plus a margin of 4.375% per annum. The interest rate on the LV Sphere Term Loan Facility as of June 30, 2024 was 9.80%.

*Principal Repayments.* The LV Sphere Term Loan Facility will mature on December 22, 2027. The principal obligations under the LV Sphere Term Loan Facility are due at the maturity of the facility, with no amortization payments prior to maturity. Under certain circumstances, MSG LV is required to make mandatory prepayments on the loan, including prepayments in an amount equal to the net cash proceeds of casualty insurance and/or condemnation recoveries (subject to certain reinvestment, repair or replacement rights), subject to certain exceptions.

*Covenants.* The LV Sphere Term Loan Facility and related guaranty by Sphere Entertainment Group include financial covenants requiring MSG LV to maintain a specified minimum debt service coverage ratio and requiring Sphere Entertainment Group to maintain a specified minimum liquidity level. The debt service coverage ratio covenant began testing in the fiscal quarter ended December 31, 2023 on a historical basis and on a prospective basis. Both the historical and prospective debt service coverage ratios are required to be at least 1.35:1.00. In addition, among other conditions, MSG LV is not permitted to make distributions to Sphere Entertainment Group unless the historical and prospective debt service coverage ratios are at least 1.50:1.00. The minimum liquidity level for Sphere Entertainment Group is set at \$50,000, with \$25,000 required to be held in cash or cash equivalents, and is tested as of the last day of each fiscal quarter based on Sphere Entertainment Group’s unencumbered liquidity, consisting of cash and cash equivalents and available lines of credit, as of such date.

In addition to the covenants described above, the LV Sphere Term Loan Facility and the related guaranty and security and pledge agreements contain certain customary representations and warranties, affirmative and negative covenants and events of default. The LV Sphere Term Loan Facility contains certain restrictions on the ability of MSG LV and Sphere Entertainment Group to take certain actions as provided in (and subject to various exceptions and baskets set forth in) the LV Sphere Term Loan Facility and the related guaranty and security and pledge agreements, including the following: (i) incur additional indebtedness; (ii) make investments, loans or advances in or to other persons; (iii) pay dividends and distributions (which will restrict the ability of MSG LV to make cash distributions to the Company); (iv) change its lines of business; (v) engage in certain transactions with affiliates; (vi) amend organizational documents; (vii) merge or consolidate; and (viii) make certain dispositions.

*Guarantors and Collateral.* All obligations under the LV Sphere Term Loan Facility are guaranteed by Sphere Entertainment Group. All obligations under the LV Sphere Term Loan Facility, including the guarantees of those obligations, are secured by all of the assets of MSG LV and certain assets of Sphere Entertainment Group including, but not limited to, MSG LV’s leasehold interest in the land on which Sphere in Las Vegas is located, and a pledge of all of the equity interests held directly by Sphere Entertainment Group in MSG LV.

### *3.50% Convertible Senior Notes*

On December 8, 2023, the Company completed the Offering of \$258,750 in aggregate principal amount of its 3.50% Convertible Senior Notes which amount includes the full exercise of the initial purchasers’ option to purchase additional 3.50% Convertible Senior Notes.

The Company used \$14,309 of the net proceeds from the Offering to fund the cost of entering into the capped call transactions described below, with the remaining net proceeds from the Offering designated for general corporate purposes, including capital for Sphere-related growth initiatives. The capped call transactions met all of the applicable criteria for equity classification in accordance with ASC Subtopic 815-10-15-74(a), “*Derivatives and Hedging—Embedded Derivatives—Certain Contracts Involving an Entity’s Own Equity*,” and were recorded as a reduction to Equity on the Company’s consolidated statements of stockholder’s equity and consolidated balance sheets.

On December 8, 2023, the Company entered into an Indenture (the “Indenture”) with U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), relating to the 3.50% Convertible Senior Notes. The 3.50% Convertible Senior Notes constitute a senior general unsecured obligation of the Company.

The 3.50% Convertible Senior Notes bear interest at a rate of 3.50% per year, payable semi-annually in arrears on June 1 and December 1 of each year, beginning on June 1, 2024. The 3.50% Convertible Senior Notes will mature on December 1, 2028, unless earlier redeemed, repurchased or converted.

Subject to the terms of the Indenture, the 3.50% Convertible Senior Notes may be converted at an initial conversion rate of 28.1591 shares of Class A Common Stock per \$1,000 principal amount of 3.50% Convertible Senior Notes (equivalent to an initial conversion price of approximately \$35.51 per share of Class A Common Stock). Upon conversion of the 3.50% Convertible Senior Notes, the Company will pay or deliver, as the case may be, cash, shares of Class A Common Stock or a combination of cash and shares of Class A Common Stock, at the Company's election, in accordance with the Indenture. Holders of the 3.50% Convertible Senior Notes may convert their 3.50% Convertible Senior Notes at their option at any time on or after September 1, 2028 until the close of business on the second scheduled trading day immediately preceding the maturity date. Holders of the 3.50% Convertible Senior Notes will also have the right to convert the 3.50% Convertible Senior Notes prior to September 1, 2028, but only upon the occurrence of specified events described in the Indenture. The conversion rate is subject to anti-dilution adjustments if certain events occur.

Prior to December 6, 2026, the 3.50% Convertible Senior Notes will not be redeemable. On or after December 6, 2026, the Company may redeem for cash all or part of the 3.50% Convertible Senior Notes (subject to certain exceptions), at its option, if the last reported sale price of the Class A Common Stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any period of 30 consecutive trading days (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 3.50% Convertible Senior Notes to be redeemed, plus accrued and unpaid interest to, but not including, the redemption date. No sinking fund is provided for the 3.50% Convertible Senior Notes.

If certain corporate events occur or the Company delivers a notice of redemption prior to the maturity date of the 3.50% Convertible Senior Notes, and a holder elects to convert its 3.50% Convertible Senior Notes in connection with such corporate event or notice of redemption, as the case may be, the Company will, under certain circumstances, increase the conversion rate for the 3.50% Convertible Senior Notes so surrendered for conversion by a number of additional shares of Class A Common Stock in accordance with the Indenture. No adjustment to the conversion rate will be made if the price paid or deemed to be paid per share of Class A Common Stock in such corporate event or redemption, as the case may be, is either less than \$28.41 per share or exceeds \$280.00 per share.

If a specified "Fundamental Change" (as defined in the Indenture) occurs prior to the maturity date of the 3.50% Convertible Senior Notes, under certain circumstances each holder may require the Company to repurchase all or part of its 3.50% Convertible Senior Notes at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest to, but not including, the repurchase date.

Under the Indenture, the 3.50% Convertible Senior Notes may be accelerated upon the occurrence of certain events of default. In the case of an event of default with respect to the 3.50% Convertible Senior Notes arising from specified events of bankruptcy or insolvency of the Company, 100% of the principal of and accrued and unpaid interest on the 3.50% Convertible Senior Notes will automatically become due and payable. If any other event of default with respect to the 3.50% Convertible Senior Notes under the Indenture occurs or is continuing, the Trustee or holders of at least 25% in aggregate principal amount of the then outstanding 3.50% Convertible Senior Notes may declare the principal amount of the 3.50% Convertible Senior Notes to be immediately due and payable.

On December 5, 2023, in connection with the pricing of the 3.50% Convertible Senior Notes, and on December 6, 2023, in connection with the exercise in full by the initial purchasers of their option to purchase additional 3.50% Convertible Senior Notes, the Company entered into capped call transactions with certain of the initial purchasers of the 3.50% Convertible Senior Notes or their respective affiliates and other financial institutions, pursuant to capped call confirmations. The capped call transactions are expected generally to reduce the potential dilution to the Class A Common Stock upon any conversion of the 3.50% Convertible Senior Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of converted 3.50% Convertible Senior Notes, as the case may be, with such reduction and/or offset subject to a cap based on a cap price initially equal to approximately \$42.62 per share (which represents a premium of approximately 50% over the last reported sale price of the Class A Common Stock of \$28.41 per share on the NYSE on December 5, 2023), and is subject to certain adjustments under the terms of the capped call transactions.

### ***Letters of Credit***

The Company uses letters of credit to support its business operations. As of June 30, 2024, there were no borrowings or letters of credit issued and outstanding under the MSGN Revolving Credit Facility. The Company has letters of credit relating to operating leases which are supported by cash and cash equivalents that are classified as restricted.

## Cash Flow Discussion

As of June 30, 2024, cash, cash equivalents and restricted cash totaled \$573,233, as compared to \$429,114 as of June 30, 2023 and \$760,312 as of June 30, 2022. The following table summarizes the Company's cash flow activities for Fiscal Years 2024, 2023 and 2022:

|                                                                        | Years Ended June 30, |              |
|------------------------------------------------------------------------|----------------------|--------------|
|                                                                        | 2024                 | 2023         |
| Net cash (used in) provided by operating activities                    | \$ (19,658)          | \$ 153,591   |
| Net cash used in investing activities                                  | (45,183)             | (653,923)    |
| Net cash provided by financing activities                              | 209,731              | 85,542       |
| Effect of exchange rates on cash, cash equivalents and restricted cash | (771)                | (2,106)      |
| Net increase (decrease) in cash, cash equivalents and restricted cash  | \$ 144,119           | \$ (416,896) |

### Operating Activities

Net cash used in operating activities for Fiscal Year 2024 increased by \$173,249 to \$19,658 as compared to Fiscal Year 2023, primarily due to a net loss in the current year period driven by higher direct operating expenses and selling, general, and administrative expenses as compared to net income in the prior year, as well as changes in working capital assets and liabilities, which included fewer collections from customers and related parties, a larger amount of payments to vendors and related parties, and fewer cash collections related to deferred revenue, as compared to the corresponding prior year.

### Investing Activities

Net cash used in investing activities for Fiscal Year 2024 decreased by \$608,740 to \$45,183 as compared to Fiscal Year 2023 primarily due to a decrease in capital expenditures and capitalized interest for Sphere in Las Vegas after the assets were placed in service during the first quarter of Fiscal Year 2024, as well as the proceeds from the sale of MSGE Retained Interest, offset by the absence of proceeds received from sales of investments and dispositions of Tao Group Hospitality, Boston Calling Events, LLC, and the corporate aircraft as compared to the corresponding prior year.

### Financing Activities

Net cash provided by financing activities for Fiscal Year 2024 increased by \$124,189 to \$209,731 as compared to Fiscal Year 2023 primarily due to proceeds of \$251,634 from the issuance of 3.50% Convertible Senior Notes, \$65,000 from the DDTL Facility, and the decrease in cash transferred in connection with the MSGE Distribution, as compared to proceeds of \$302,668 from the term loan issuance in the corresponding prior period.

## Contractual Obligations

As of June 30, 2024, the approximate future payments under our contractual obligations are as follows:

|                                                     | Payments Due by Period <sup>(c)</sup> |            |           |            |                   |
|-----------------------------------------------------|---------------------------------------|------------|-----------|------------|-------------------|
|                                                     | Total                                 | Year 1     | Years 2-3 | Years 4-5  | More Than 5 Years |
| Leases <sup>(a)</sup>                               | \$ 206,066                            | \$ 19,555  | \$ 35,304 | \$ 32,594  | \$ 118,613        |
| Debt repayments <sup>(b)</sup>                      | 1,383,500                             | 849,750    | —         | 533,750    | —                 |
| Total future payments under contractual obligations | \$ 1,589,566                          | \$ 869,305 | \$ 35,304 | \$ 566,344 | \$ 118,613        |

(a) Includes contractually obligated minimum lease payments for operating leases having an initial noncancellable term in excess of one year for various office space and equipment. These commitments are presented exclusive of the imputed interest used to reflect the payment's present value. See Note 10. Leases to the consolidated financial statements included in Item 8 of this Form 10-K for more information.

(b) See Note 13. Credit Facilities and Convertible Notes to the consolidated financial statements included in Item 8 of this Form 10-K for more information surrounding the principal repayments required under the credit agreements.

(c) Pension obligations have been excluded from the table above as the timing of the future cash payments is uncertain. See Note 14. Pension Plans and Other Postretirement Benefit Plan to the consolidated financial statements included in Item 8 of this Form 10-K for more information on the future funding requirements under our pension obligations.

## Off Balance Sheet Arrangements

As of June 30, 2024, the Company has the following off balance sheet arrangements:

|                                       | Commitments      |                  |                  |                  |                  |                    | Total              |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|
|                                       | June 30,<br>2025 | June 30,<br>2026 | June 30,<br>2027 | June 30,<br>2028 | June 30,<br>2029 | Thereafter         |                    |
| <b>Sphere</b>                         |                  |                  |                  |                  |                  |                    |                    |
| Event-related commitments             | \$ 45,575        | \$ 7,043         | \$ 5,118         | \$ 1,500         | \$ —             | \$ —               | \$ 59,236          |
| Letter of credit                      | 892              | —                | —                | —                | —                | —                  | 892                |
| Other                                 | 2,000            | 2,000            | 1,333            | —                | —                | —                  | 5,333              |
| <b>Total Sphere commitments</b>       | <b>\$ 48,467</b> | <b>\$ 9,043</b>  | <b>\$ 6,451</b>  | <b>\$ 1,500</b>  | <b>\$ —</b>      | <b>\$ —</b>        | <b>\$ 65,461</b>   |
| <b>MSG Networks</b>                   |                  |                  |                  |                  |                  |                    |                    |
| Broadcast rights                      | \$267,186        | \$274,241        | \$271,350        | \$270,897        | \$255,244        | \$1,563,979        | \$2,902,897        |
| Purchase commitments                  | 9,452            | 5,103            | 2,633            | 258              | —                | —                  | 17,446             |
| Talent commitments                    | 613              | 613              | —                | —                | —                | —                  | 1,226              |
| <b>Total MSG Networks commitments</b> | <b>\$277,251</b> | <b>\$279,957</b> | <b>\$273,983</b> | <b>\$271,155</b> | <b>\$255,244</b> | <b>\$1,563,979</b> | <b>\$2,921,569</b> |
| <b>Total Commitments</b>              | <b>\$325,718</b> | <b>\$289,000</b> | <b>\$280,434</b> | <b>\$272,655</b> | <b>\$255,244</b> | <b>\$1,563,979</b> | <b>\$2,987,030</b> |

## Seasonality of Our Business

Our MSG Networks segment generally earns a higher share of its annual revenues in the second and third quarters of its fiscal year as a result of MSG Networks' advertising revenue being largely derived from the sale of inventory in its live NBA and NHL professional sports programming.

## Recently Issued Accounting Pronouncements and Critical Accounting Estimates

### Recently Issued Accounting Pronouncements

See Note 2. Summary of Significant Accounting Policies to the consolidated financial statements included in Item 8 of this Form 10-K for discussion of recently issued accounting pronouncements.

### Critical Accounting Estimates

Critical accounting estimates are those that management believes are the most important to the portrayal of our financial condition and results and require the most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Judgments and uncertainties may result in materially different amounts being reported under different conditions or using different assumptions.

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Management believes its use of estimates in the consolidated financial statements to be reasonable. The significant accounting policies which we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

#### Revenue Recognition - Arrangements with Multiple Performance Obligations

The Company may enter into arrangements with multiple performance obligations, such as multi-year sponsorship agreements which may derive revenues for the Company as well as MSG Entertainment and MSG Sports within a single arrangement. The Company may also derive revenue from similar types of arrangements which are entered into by MSG Entertainment or MSG Sports. Payment terms for such arrangements can vary by contract, but payments are generally due in installments throughout the contractual term. The performance obligations included in each sponsorship agreement vary and may include advertising and other benefits such as, but not limited to, signage at Sphere, digital advertising, event or property specific advertising, as well as non-advertising benefits such as suite licenses and event tickets. To the extent the Company's multi-year arrangements provide for performance obligations that are consistent over the multi-year contractual term, such performance obligations generally meet the definition of a series as provided for under the accounting guidance. If performance obligations are concluded to meet the definition of a series, the contractual fees for all years during the contract term are aggregated and the related revenue is recognized proportionately as the underlying performance obligations are satisfied.

The timing of revenue recognition for each performance obligation is dependent upon the facts and circumstances surrounding the Company's satisfaction of its respective performance obligation. The Company allocates the transaction price for such arrangements to each performance obligation within the arrangement based on the estimated relative standalone selling price of the performance obligation. The Company's process for determining its estimated standalone selling prices involves management's judgment and considers multiple factors including company specific and market specific factors that may vary depending upon the unique facts and circumstances related to each performance obligation. Key factors considered by the Company in developing an estimated standalone selling price for its performance obligations include, but are not limited to, prices charged for similar performance obligations, the Company's ongoing pricing strategy and policies, and consideration of pricing of similar performance obligations sold in other arrangements with multiple performance obligations.

The Company may incur costs such as commissions to obtain its multi-year sponsorship agreements. The Company assesses such costs for capitalization on a contract by contract basis. To the extent costs are capitalized, the Company estimates the useful life of the related contract asset which may be the underlying contract term or the estimated customer life depending on the facts and circumstances surrounding the contract. The contract asset is amortized over the estimated useful life.

#### *Impairment of Long-Lived and Indefinite-Lived Assets*

The Company's long-lived and indefinite-lived assets accounted for approximately 79% of the Company's consolidated total assets as of June 30, 2024 and consisted of the following:

|                             | As of June 30,<br>2024 |
|-----------------------------|------------------------|
| Goodwill                    | \$ 470,152             |
| Intangible assets, net      | 31,940                 |
| Property and equipment, net | 3,158,420              |
| Right-of-use lease assets   | 106,468                |
|                             | <u>\$ 3,766,980</u>    |

In assessing the recoverability of the Company's long-lived and indefinite-lived assets when there is an indicator of potential impairment, the Company must make estimates and assumptions regarding future cash flows and other factors to determine the fair value of the respective assets. These estimates and assumptions could have a significant impact on whether an impairment charge is recognized as well as the magnitude of any such charge. Fair value estimates are made at a specific point in time, based on relevant information. These estimates are subjective in nature and involve significant uncertainties and judgments and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates. If these estimates or material related assumptions change in the future, the Company may be required to record impairment charges related to its long-lived and/or indefinite-lived assets.

#### *Goodwill*

Goodwill is tested annually for impairment as of August 31<sup>st</sup> and at any time upon the occurrence of certain events or substantive changes in circumstances. The Company performs its goodwill impairment test at the reporting unit level. As of June 30, 2024, the Company had two reportable segments and two reporting units, Sphere and MSG Networks, consistent with the way management makes decisions and allocates resources to the business.

The Sphere segment's goodwill carrying amount increased during Fiscal Year 2024 due to the acquisition of Holoplot. The goodwill balance reported on the Company's consolidated balance sheets as of June 30, 2024 by reportable segment was as follows:

|              | As of June 30,<br>2024 |
|--------------|------------------------|
| Sphere       | 45,644                 |
| MSG Networks | 424,508                |
|              | <u>\$ 470,152</u>      |

The Company has the option to perform a qualitative assessment to determine if an impairment is more likely than not to have occurred. If the Company can support the conclusion that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company would not need to perform a quantitative impairment test for that reporting unit. If the Company cannot support such a conclusion or the Company does not elect to perform the qualitative assessment, the first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill.

The estimates of the fair values of the Company's reporting units are primarily determined using discounted cash flows, comparable market transactions or other acceptable valuation techniques, including the cost approach. These valuations are based on estimates and assumptions including projected future cash flows, discount rates, cost-based assumptions, determination of appropriate market comparables and the determination of whether a premium or discount should be applied to comparables. Significant judgments inherent in a discounted cash flow analysis include the selection of the appropriate discount rate, the estimate of the amount and timing of projected future cash flows and identification of appropriate continuing growth rate assumptions. The discount rates used in the analysis are intended to reflect the risk inherent in the projected future cash flows. The amount of an impairment loss is measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

The Company elected to perform the qualitative assessment of impairment for all of the Company's reporting units for the Fiscal Year 2024 annual impairment test. These assessments considered factors such as:

- macroeconomic conditions;
- industry and market considerations;
- cost factors;
- overall financial performance of the reporting unit;
- other relevant company-specific factors such as changes in management, strategy or customers; and
- relevant reporting unit specific events such as changes in the carrying amount of net assets.

During the first quarter of Fiscal Year 2024, the Company performed its most recent annual impairment test of goodwill for the MSG Networks reporting unit and determined that there were no impairments of goodwill as of the impairment test date. Based on the impairment test, the Company's MSG Networks reporting unit had a sufficient safety margin, representing the excess of the estimated fair value of the reporting unit, derived from the most recent quantitative assessment, less its carrying value (including goodwill allocated to the reporting unit). The Company believes that if the fair value of the reporting unit exceeds its carrying value by greater than 10%, a sufficient safety margin has been realized.

For periods prior to the MSGE Distribution, including at the date of the annual goodwill impairment test, Sphere was included with the MSG Entertainment business in a combined reporting unit for purposes of goodwill impairment testing. No impairment of goodwill was identified for this reporting unit as of the annual impairment test date. In connection with the MSGE Distribution, the goodwill balance associated with this reporting unit was allocated between MSG Entertainment discontinued operations and Sphere based upon a relative fair value approach, resulting in \$32,299 of goodwill attributed to Sphere. Goodwill attributed to the MSG Entertainment business is included in the carrying value of MSG Entertainment discontinued operations.

#### *Other Long-Lived Assets*

For other long-lived assets, including right-of-use lease assets and intangible assets that are amortized, the Company evaluates assets for recoverability when there is an indication of potential impairment. Amortizable intangible assets and other long-lived assets are grouped and evaluated for impairment at the lowest level for which there are identifiable cash flows that are independent from cash flows from other assets and liabilities. In determining whether an impairment of long-lived assets has occurred, the Company considers both qualitative and quantitative factors. The quantitative analysis involves estimating the undiscounted future cash flows directly related to that asset group and comparing the resulting value against the carrying value of the asset group. If the carrying value of the asset group is greater than the sum of the undiscounted future cash flows, an impairment loss is recognized for the difference between the carrying value of the asset group and its estimated fair value.

The Company has recognized intangible assets for affiliate relationships as a result of purchase accounting, and has determined that these intangible assets have finite lives. The Company also recognized intangible assets subject to amortization during Fiscal Year 2024 as a result of the acquisition of Holoplots. Refer to Note 2 Summary of Significant Accounting Policies for the estimated useful lives of the Company's major classes of intangible assets subject to amortization as of June 30, 2024.

The useful lives of the Company's long-lived assets are based on estimates of the period over which the Company expects the assets to be of economic benefit to the Company. In estimating the useful lives, the Company considers factors such as, but not limited to, risk of obsolescence, anticipated use, plans of the Company, and applicable laws. In light of these facts and circumstances, the Company has determined that its estimated useful lives are appropriate.

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

### **Potential Interest Rate Risk Exposure:**

The Company, through its subsidiaries, MSG LV and MSG Networks, is subject to potential interest rate risk exposure related to borrowings incurred under their respective credit facilities. Changes in interest rates may increase interest expense payments with respect to any borrowings incurred under these credit facilities. The effect of a hypothetical 200 basis point increase in floating interest rate prevailing as of June 30, 2024 and continuing for a full year would increase the Company's interest expense on the outstanding amounts under the credit facilities by \$22,495.

### **Foreign Currency Exchange Rate Exposure:**

The Company is exposed to market risk resulting from foreign currency fluctuations, primarily to the British pound sterling through the land we own in London. We may evaluate and decide, to the extent reasonable and practical, to reduce the translation risk of foreign currency fluctuations by entering into foreign currency forward exchange contracts with financial institutions. If we were to enter into such hedging transactions, the market risk resulting from foreign currency fluctuations is unlikely to be entirely eliminated. We do not plan to enter into derivative financial instrument transactions for foreign currency speculative purposes.

During Fiscal Year 2024, the GBP/USD exchange rate ranged from 1.2078 to 1.3137 as compared to GBP/USD exchange rate of 1.2651 as of June 30, 2024, a fluctuation of ranging from 5% to 6%. As of June 30, 2024, a uniform hypothetical 10% fluctuation in the GBP/USD exchange rate would have resulted in a change of \$3,081 in the Company's net asset value.

Following the acquisition of Holoplot on April 25, 2024, which is based in Berlin, Germany, we are also exposed to market risk resulting from foreign currency fluctuations related to the Euro. During Fiscal Year 2024, the EUR/USD exchange rate ranged from 1.0467 to 1.1239 as compared to EUR/USD exchange rate of 1.0717 on June 30, 2024, a fluctuation ranging from 2% to 5%. As of June 30, 2024, a uniform hypothetical 10% fluctuation in the EUR/USD exchange rate would have resulted in a change of \$383 in the Company's net asset value.

### **Defined Benefit Pension Plans and Other Postretirement Benefit Plan:**

The Company utilizes actuarial methods to calculate pension and other postretirement benefit obligations and the related net periodic benefit cost which are based on actuarial assumptions. Key assumptions, the discount rates and the expected long-term rate of return on plan assets, are important elements of the plans' expense and liability measurement and we evaluate these key assumptions annually. Other assumptions include demographic factors, such as mortality, retirement age and turnover. The actuarial assumptions used by the Company may differ materially from actual results due to various factors, including, but not limited to, changing economic and market conditions. Differences between actual and expected occurrences could significantly impact the actual amount of net periodic benefit cost and the benefit obligation recorded by the Company. Material changes in the costs of the plans may occur in the future due to changes in these assumptions, changes in the number of the plan participants, changes in the level of benefits provided, changes in asset levels and changes in legislation. Our assumptions reflect our historical experience and our best estimate regarding future expectations.

Accumulated and projected benefit obligations reflect the present value of future cash payments for benefits. We use the Willis Towers Watson U.S. Rate Link: 40-90 Discount Rate Model (which is developed by examining the yields on selected highly rated corporate bonds) to discount these benefit payments on a plan by plan basis, to select a rate at which we believe each plan's benefits could be effectively settled. Additionally, the Company measures service and interest costs by applying the specific spot rates along that yield curve to the plans' liability cash flows ("Spot Rate Approach"). The Company believes the Spot Rate Approach provides a more accurate measurement of service and interest costs by improving the correlation between projected benefit cash flows and their corresponding spot rates on the yield curve.

Lower discount rates increase the present value of benefit obligations and will usually increase the subsequent year's net periodic benefit cost. The weighted-average discount rates used to determine benefit obligations as of June 30, 2024 for the Company's Pension Plans and Postretirement Plan were 5.51% and 5.40%, respectively. A 25 basis point decrease in each of these assumed discount rates would increase the projected benefit obligations for the Company's Pension Plans and Postretirement Plan at June 30, 2024 by \$850 and \$20, respectively.

The weighted-average discount rates used to determine service cost, interest cost and the projected benefit obligation components of net periodic benefit cost were 5.52%, 5.40% and 5.33%, respectively, for Fiscal Year 2024 for the Company's Pension Plans. The weighted-average discount rates used to determine service cost, interest cost and the projected benefit obligation components of net periodic benefit cost were 5.39%, 5.47% and 5.41%, respectively, for Fiscal Year 2024 for the Company's Postretirement Plan. A 25 basis point decrease in these assumed discount rates would increase the total net periodic benefit cost for the Company's Pension Plans by \$40 and would result in no impact to the net periodic benefit cost for the Company's Postretirement

Plan for Fiscal Year 2024.

The expected long-term return on plan assets is based on a periodic review and modeling of the plans' asset allocation structures over a long-term horizon. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling, and are based on comprehensive reviews of historical data, forward-looking economic outlook, and economic/financial market theory. The expected long-term rate of return was selected from within the reasonable range of rates determined by (a) historical real returns, net of inflation, for the asset classes covered by the investment policy, and (b) projections of inflation over the long-term period during which benefits are payable to plan participants. The weighted average expected long-term rate of return on plan assets for the Company's funded pension plans was 5.65% for Fiscal Year 2024.

Performance of the capital markets affects the value of assets that are held in trust to satisfy future obligations under the Company's funded plans. Adverse market performance in the future could result in lower rates of return for these assets than projected by the Company which could increase the Company's funding requirements related to these plans, as well as negatively affect the Company's operating results by increasing the net periodic benefit cost. A 25 basis point decrease in the long-term return on pension plan assets assumption would increase net periodic pension benefit cost by \$40 for Fiscal Year 2024.

## **Item 8. Financial Statements and Supplementary Data**

The Financial Statements required by this Item 8 appear beginning on page F-1 of this Form 10-K, and are incorporated by reference herein.

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

## **Item 9A. Controls and Procedures**

### ***Evaluation of Disclosure Controls and Procedures***

An evaluation was carried out under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that as of June 30, 2024 the Company's disclosure controls and procedures were effective.

### ***Management's Report on Internal Control over Financial Reporting***

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including the Company's Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of this evaluation, our management concluded that our internal control over financial reporting was effective as of June 30, 2024. The effectiveness of our internal control over financial reporting as of June 30, 2024 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

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

There were no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Item 9B. Other Information**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

Information relating to our directors, executive officers, corporate governance and insider trading policies and procedures will be included in the proxy statement for the 2024 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

### **Item 11. Executive Compensation**

Information relating to executive compensation will be included in the proxy statement for the 2024 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

Information relating to the beneficial ownership of our common stock will be included in the proxy statement for the 2024 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information relating to certain relationships and related transactions and director independence will be included in the proxy statement for the 2024 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

### **Item 14. Principal Accountant Fees and Services**

Information relating to principal accountant fees and services will be included in the proxy statement for the 2024 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

Page  
No.

The following documents are filed as part of this report:

1. The financial statements as indicated in the index set forth on page [F - 1](#)
2. Financial statement schedule:  
Schedule supporting consolidated financial statements:  
[Schedule II — Valuation and Qualifying Accounts](#) [79](#)  
Schedules other than that listed above have been omitted, since they are either not applicable, not required or the information is included elsewhere herein.

3. Exhibits:

The following documents are filed as exhibits hereto:

| EXHIBIT NO.         | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#">2.1</a> | <a href="#">Distribution Agreement, dated as of March 29, 2023, between Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.) and Madison Square Garden Entertainment Corp. (formerly MSGE Spingo Inc.) (incorporated by reference to Exhibit 2.1 to the Company's Current Report on form 8-K filed on March 30, 2023).</a>                                                                                                       |
| <a href="#">2.2</a> | <a href="#">Contribution Agreement, dated as of March 29, 2023, between Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.), Sphere Entertainment Group, LLC (formerly MSG Entertainment Group, LLC) and Madison Square Garden Entertainment Corp. (formerly MSGE Spingo Inc.) (incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on March 30, 2023).</a>                              |
| <a href="#">2.3</a> | <a href="#">Agreement and Plan of Merger, dated as of March 25, 2021, by and among Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.), Broadway Sub Inc. and MSG Networks Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on March 26, 2021).</a>                                                                                                                             |
| <a href="#">2.4</a> | <a href="#">Distribution Agreement, dated as of March 31, 2020, between Madison Square Garden Sports Corp. (formerly The Madison Square Garden Company) and Sphere Entertainment Co. (formerly MSG Entertainment Spingo, Inc.) (incorporated by reference to Exhibit 2.1 to Amendment No. 3 to the Company's Registration Statement on Form 10 filed on April 1, 2020).</a>                                                                               |
| <a href="#">2.5</a> | <a href="#">Contribution Agreement, dated as of March 31, 2020, among Madison Square Garden Sports Corp. (formerly The Madison Square Garden Company), Sphere Entertainment Group, LLC (formerly MSG Sports &amp; Entertainment, LLC) and Sphere Entertainment Co. (formerly MSG Entertainment Spingo, Inc.) (incorporated by reference to Exhibit 2.2 to Amendment No. 3 to the Company's Registration Statement on Form 10 filed on April 1, 2020).</a> |
| <a href="#">3.1</a> | <a href="#">Amended and Restated Certificate of Incorporation of Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.) (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 23, 2020).</a>                                                                                                                                                                                        |
| <a href="#">3.2</a> | <a href="#">Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.), dated April 20, 2023 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 24, 2023).</a>                                                                                                                                  |
| <a href="#">3.3</a> | <a href="#">Amended By-Laws of Sphere Entertainment Co., dated April 20, 2023 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on April 24, 2023).</a>                                                                                                                                                                                                                                                         |
| <a href="#">4.1</a> | <a href="#">Description of Capital Stock (incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2023 filed on August 22, 2023).</a>                                                                                                                                                                                                                                                     |
| <a href="#">4.2</a> | <a href="#">Registration Rights Agreement, dated as of April 3, 2020, by and among Sphere Entertainment Co. (formerly MSG Entertainment Spingo, Inc.) and The Charles F. Dolan Children Trusts (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 23, 2020).</a>                                                                                                                                        |
| <a href="#">4.3</a> | <a href="#">Registration Rights Agreement, dated as of April 3, 2020, by and among Sphere Entertainment Co. (formerly MSG Entertainment Spingo, Inc.) and The Dolan Family Affiliates (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on April 23, 2020).</a>                                                                                                                                                 |

| EXHIBIT NO.                  | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#"><u>4.4</u></a>   | <a href="#"><u>Registration Rights Agreement, dated as of January 13, 2010, by and among MSG Networks Inc. (formerly known as Madison Square Garden, Inc.) and the Charles F. Dolan Children Trusts (incorporated by reference to Exhibit 4.4 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021 filed on August 23, 2021).</u></a>                           |
| <a href="#"><u>4.5</u></a>   | <a href="#"><u>Registration Rights Agreement, dated as of January 13, 2010, by and among MSG Networks Inc. (formerly known as Madison Square Garden, Inc.) and the Dolan Family Affiliates (incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021 filed on August 23, 2021).</u></a>                                    |
| <a href="#"><u>4.6</u></a>   | <a href="#"><u>Indenture, dated as of December 8, 2023, by and between the Company and U.S. Bank Trust Company, National Association, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 8, 2023).</u></a>                                                                                                               |
| <a href="#"><u>4.7</u></a>   | <a href="#"><u>Form of Global Note, representing Sphere Entertainment Co.'s 3.50% Convertible Senior Notes due 2028, included as Exhibit A to the Indenture filed as Exhibit 4.6 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2024 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on December 8, 2023).</u></a> |
| <a href="#"><u>10.1</u></a>  | <a href="#"><u>Transition Services Agreement, dated as of March 29, 2023, between Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.) and Madison Square Garden Entertainment Corp. (formerly MSGE Spingo, Inc.) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 30, 2023).</u></a>                            |
| <a href="#"><u>10.2</u></a>  | <a href="#"><u>Tax Disaffiliation Agreement, dated as of March 29, 2023, between Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.) and Madison Square Garden Entertainment Corp. (formerly MSGE Spingo, Inc.) (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 30, 2023).</u></a>                             |
| <a href="#"><u>10.3</u></a>  | <a href="#"><u>Tax Disaffiliation Agreement, dated as of March 31, 2020, between Madison Square Garden Sports Corp. (formerly The Madison Square Garden Company) and Sphere Entertainment Co. (formerly MSG Entertainment Spingo, Inc.) (incorporated by reference to Exhibit 10.2 to Amendment No. 3 to the Company's Registration Statement on Form 10 filed on April 1, 2020).</u></a>      |
| <a href="#"><u>10.4</u></a>  | <a href="#"><u>Tax Disaffiliation Agreement, dated as of September 11, 2015, between MSG Networks Inc. and Madison Square Garden Sports Corp. (formerly known as The Madison Square Garden Company) (incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021 filed on August 23, 2021).</u></a>                          |
| <a href="#"><u>10.5</u></a>  | <a href="#"><u>Distribution Agreement, dated as of September 11, 2015, between MSG Networks Inc. and Madison Square Garden Sports Corp. (formerly known as The Madison Square Garden Company) (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021 filed on August 23, 2021).</u></a>                                |
| <a href="#"><u>10.6</u></a>  | <a href="#"><u>Employee Matters Agreement, dated March 29, 2023, between Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.) and Madison Square Garden Entertainment Corp. (formerly MSGE Spingo, Inc.) (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on March 30, 2023).</u></a>                                     |
| <a href="#"><u>10.7</u></a>  | <a href="#"><u>Employee Matters Agreement, dated as of March 31, 2020, between Madison Square Garden Sports Corp. (formerly The Madison Square Garden Company) and Sphere Entertainment Co. (formerly MSG Entertainment Spingo, Inc.) (incorporated by reference to Exhibit 10.3 to Amendment No. 3 to the Company's Registration Statement on Form 10 filed on April 1, 2020).</u></a>        |
| <a href="#"><u>10.8</u></a>  | <a href="#"><u>Employee Matters Agreement, dated as of September 11, 2015, between MSG Networks Inc. and Madison Square Garden Sports Corp. (formerly known as The Madison Square Garden Company) (incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021 filed on August 23, 2021).</u></a>                            |
| <a href="#"><u>10.9</u></a>  | <a href="#"><u>Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.) 2020 Employee Stock Plan, as amended (incorporated by reference to Annex B to the Company's Definitive Proxy Statement on Schedule 14A filed on October 25, 2023). †</u></a>                                                                                                                      |
| <a href="#"><u>10.10</u></a> | <a href="#"><u>Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.) 2020 Stock Plan for Non-Employee Directors, as amended (incorporated by reference to Annex C to the Company's Definitive Proxy Statement on Schedule 14A filed on October 25, 2023). †</u></a>                                                                                                    |
| <a href="#"><u>10.11</u></a> | <a href="#"><u>MSG Networks Inc. 2010 Employee Stock Plan, as amended and assumed by the Company (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8 filed on July 9, 2021). †</u></a>                                                                                                                                                               |
| <a href="#"><u>10.12</u></a> | <a href="#"><u>Form of Indemnification Agreement between Sphere Entertainment Co. (formerly MSG Entertainment Spingo, Inc.) and its Directors and Officers (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form 10 filed on March 6, 2020).</u></a>                                                                                                      |
| <a href="#"><u>10.13</u></a> | <a href="#"><u>Form of Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.) Non-Employee Director Award Agreement (incorporated by reference to Exhibit 10.10 to Amendment No. 1 to the Company's Registration Statement on Form 10 filed on March 18, 2020). †</u></a>                                                                                               |

| EXHIBIT NO.                  | DESCRIPTION                                                                                                                                                                                                                                                                                                                                           |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#"><u>10.14</u></a> | <a href="#"><u>Form of Sphere Entertainment Co. Restricted Stock Units Agreement under the 2020 Employee Stock Plan, as amended (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on April 24, 2023).</u></a> †                                                                                            |
| <a href="#"><u>10.15</u></a> | <a href="#"><u>Form of Sphere Entertainment Co. Performance Restricted Stock Units Agreement under the 2020 Employee Stock Plan, as amended (incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on April 24, 2023).</u></a> †                                                                                |
| <a href="#"><u>10.16</u></a> | <a href="#"><u>Form of Sphere Entertainment Co. Option Agreement under the 2020 Employee Stock Plan, as amended (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on April 24, 2023).</u></a> †                                                                                                            |
| <a href="#"><u>10.17</u></a> | <a href="#"><u>Form of Sphere Entertainment Co. Performance Option Agreement under the 2020 Employee Stock Plan, as amended (incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed on April 24, 2023).</u></a> †                                                                                               |
| <a href="#"><u>10.18</u></a> | <a href="#"><u>Form of Sphere Entertainment Co. Off-Cycle Performance Stock Option Agreement under the 2020 Employee Stock Plan, as amended (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 8, 2023).</u></a> †.                                                                          |
| <a href="#"><u>10.19</u></a> | <a href="#"><u>Form of Sphere Entertainment Co. Performance Vesting Stock Option Agreement under the 2020 Employee Stock Plan, as amended (incorporated by reference to Annex B of Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 3, 2024).</u></a> †                                                                         |
| <a href="#"><u>10.20</u></a> | <a href="#"><u>Form of Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.) Option Agreement in respect of Madison Square Garden Sports Corp. Options (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form 10 filed on March 6, 2020).</u></a> †                                      |
| <a href="#"><u>10.21</u></a> | <a href="#"><u>Form of Sphere Entertainment Co. Restricted Stock Units Agreement in respect of Restricted Stock Units granted under the MSG Networks Inc. 2010 Employee Stock Plan (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on April 24, 2023).</u></a> †                                         |
| <a href="#"><u>10.22</u></a> | <a href="#"><u>Form of Sphere Entertainment Co. Performance Restricted Stock Units Agreement in respect of Performance Restricted Stock Units granted under the MSG Networks Inc. 2010 Employee Stock Plan (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on April 24, 2023).</u></a> †                 |
| <a href="#"><u>10.23</u></a> | <a href="#"><u>Sphere Entertainment Co. Executive Deferred Compensation Plan (incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K filed on April 24, 2023).</u></a> †                                                                                                                                              |
| <a href="#"><u>10.24</u></a> | <a href="#"><u>Employment Agreement, dated as of June 30, 2024, between Sphere Entertainment Co. and James L. Dolan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 3, 2024).</u></a> †                                                                                                          |
| <a href="#"><u>10.25</u></a> | <a href="#"><u>Employment Agreement dated as of December 27, 2021 between Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.) and James L. Dolan, as amended and restated as of April 20, 2023 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 24, 2023).</u></a> †   |
| <a href="#"><u>10.26</u></a> | <a href="#"><u>Employment Agreement, dated as of December 8, 2023, between Sphere Entertainment Co. and David F. Byrnes (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 8, 2023).</u></a> †                                                                                                  |
| <a href="#"><u>10.27</u></a> | <a href="#"><u>Employment Agreement, dated as of January 5, 2024, between Sphere Entertainment Co. and Jennifer Koester (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2023 filed on February 5, 2024).</u></a> †                                                       |
| <a href="#"><u>10.28</u></a> | <a href="#"><u>Amendment to Employment Agreement, dated as of June 7, 2024, between Sphere Entertainment Co. and Jennifer Koester.</u></a> †                                                                                                                                                                                                          |
| <a href="#"><u>10.29</u></a> | <a href="#"><u>Employment Agreement, dated as of August 27, 2021, between Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.) and Andrea Greenberg (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 filed on November 9, 2021).</u></a> † |
| <a href="#"><u>10.30</u></a> | <a href="#"><u>Employment Agreement dated as of June 15, 2023 between Sphere Entertainment Co. and David Granville-Smith (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2023 filed on August 22, 2023).</u></a> †                                                         |
| <a href="#"><u>10.31</u></a> | <a href="#"><u>Employment Agreement, dated as of December 18, 2023, between Sphere Entertainment Co. and Laura Franco (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on February 5, 2024).</u></a> †                                                                                                 |
| <a href="#"><u>10.32</u></a> | <a href="#"><u>Employment Agreement dated as of April 20, 2023 between Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.) and Gregory Brunner (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on April 24, 2023).</u></a> †                                                   |

| EXHIBIT NO.                  | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#"><u>10.33</u></a> | <a href="#"><u>Sphere Entertainment Co. Policy Concerning Certain Matters Relating to Madison Square Garden Entertainment Corp., Madison Square Garden Sports Corp. and AMC Networks Inc., Including Responsibilities of Overlapping Directors and Officers (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K filed on August 22, 2023).</u></a>                                                                                                                                                         |
| <a href="#"><u>10.34</u></a> | <a href="#"><u>Construction Agreement, dated as of May 31, 2019, by and between MSG Las Vegas, LLC and Hunt Construction Group Inc. (incorporated by reference to Exhibit 10.18 to Amendment No. 1 to the Company's Registration Statement on Form 10 filed on March 18, 2020). +</u></a>                                                                                                                                                                                                                                                      |
| <a href="#"><u>10.35</u></a> | <a href="#"><u>Ground Lease Agreement, dated July 16, 2018, by and among Sands Arena Landlord LLC, Venetian Casino Resort, LLC, MSG Las Vegas, LLC, and Sphere Entertainment Group, LLC (formerly MSG Sports &amp; Entertainment, LLC) (incorporated by reference to Exhibit 10.19 to Amendment No. 1 to the Company's Registration Statement on Form 10 filed on March 18, 2020). +</u></a>                                                                                                                                                   |
| <a href="#"><u>10.36</u></a> | <a href="#"><u>First Amendment to Ground Lease, dated November 14, 2018, by and among Sands Arena Landlord LLC, Venetian Casino Resort, LLC, MSG Las Vegas, LLC, and Sphere Entertainment Group, LLC (formerly MSG Sports &amp; Entertainment, LLC) (incorporated by reference to Exhibit 10.20 to Amendment No. 1 to the Company's Registration Statement on Form 10 filed on March 18, 2020).</u></a>                                                                                                                                        |
| <a href="#"><u>10.37</u></a> | <a href="#"><u>Letter Agreement amending Ground Lease Agreement dated July 16, 2018, by and between Sands Arena Landlord LLC and MSG Las Vegas, LLC, dated October 30, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2021 filed on February 12, 2021).</u></a>                                                                                                                                                                                             |
| <a href="#"><u>10.38</u></a> | <a href="#"><u>Form of Confirmation for Capped Call Confirmations (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 8, 2023).</u></a>                                                                                                                                                                                                                                                                                                                                                   |
| <a href="#"><u>10.39</u></a> | <a href="#"><u>Credit Agreement, dated as of December 22, 2022, among MSG Las Vegas, LLC, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 22, 2022).</u></a>                                                                                                                                                                                                                                         |
| <a href="#"><u>10.40</u></a> | <a href="#"><u>Amendment No. 1 to Credit Agreement, dated as of June 28, 2024, among MSG Las Vegas, LLC, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent.</u></a>                                                                                                                                                                                                                                                                                                                                             |
| <a href="#"><u>10.41</u></a> | <a href="#"><u>Pledge and Security Agreement, dated as of December 22, 2022, by and between MSG Las Vegas, LLC and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 22, 2022).</u></a>                                                                                                                                                                                                                                                                       |
| <a href="#"><u>10.42</u></a> | <a href="#"><u>First Amendment to Pledge and Security Agreement dated as of December 22, 2022, by and between MSG Las Vegas, LLC and JPMorgan Chase Bank, N.A., dated as of January 25, 2024 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on February 5, 2024).</u></a>                                                                                                                                                                                                                     |
| <a href="#"><u>10.43</u></a> | <a href="#"><u>Guaranty Agreement, dated as of December 22, 2022, by Sphere Entertainment Group, LLC (formerly MSG Entertainment Group, LLC) in favor of JPMorgan Chase Bank, N.A. on behalf of the lenders (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on December 22, 2022).</u></a>                                                                                                                                                                                                        |
| <a href="#"><u>10.44</u></a> | <a href="#"><u>Pledge Agreement, dated as of December 22, 2022, by Sphere Entertainment Group, LLC (MSG Entertainment Group, LLC) in favor of JPMorgan Chase Bank, N.A. on behalf of the lenders (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on December 22, 2022).</u></a>                                                                                                                                                                                                                   |
| <a href="#"><u>10.45</u></a> | <a href="#"><u>Credit Agreement, dated as of September 28, 2015, by and among MSGN Holdings, L.P., certain subsidiaries of MSGN Holdings, L.P. identified therein, MSGN Eden, LLC, MSGN Regional Holdings LLC and JPMorgan Chase Bank, N.A., as administrative agent, collateral agent and a letter of credit issuer, and the lenders party thereto (incorporated by reference to Exhibit 10.74 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021 filed on August 23, 2021).</u></a>                         |
| <a href="#"><u>10.46</u></a> | <a href="#"><u>Amended and Restated Credit Agreement, dated as of October 11, 2019, by and among MSGN Holdings, L.P., certain subsidiaries of MSGN Holdings, L.P. identified therein, MSGN Eden, LLC, Regional MSGN Holdings LLC and JP Morgan Chase Bank, N.A., as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.75 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021 filed on August 23, 2021).</u></a>                                                     |
| <a href="#"><u>10.47</u></a> | <a href="#"><u>Amendment No. 1 to Amended and Restated Credit Agreement, dated as of October 11, 2019, by and among MSGN Holdings, L.P., certain subsidiaries of MSGN Holdings, L.P. identified therein, MSGN Eden, LLC, Regional MSGN Holdings LLC and JP Morgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, dated as of November 5, 2021 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2021 filed on February 9, 2022).</u></a> |

| EXHIBIT NO.                  | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#"><u>10.48</u></a> | <a href="#"><u>Amendment No. 2 to Amended and Restated Credit Agreement, dated as of October 11, 2019, by and among MSGN Holdings, L.P., certain subsidiaries of MSGN Holdings, L.P. identified therein, MSGN Eden, LLC, Regional MSGN Holdings LLC and JP Morgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, dated as of May 30, 2023 (incorporated by reference to Exhibit 10.44 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2023 filed on August 22, 2023).</u></a> |
| <a href="#"><u>10.49</u></a> | <a href="#"><u>Security Agreement dated as of September 28, 2015, by and among MSGN Holdings, L.P., certain subsidiaries of MSGN Holdings, L.P. identified therein, MSGN Eden, LLC, MSGN Regional Holdings LLC, and JPMorgan Chase Bank, N.A., as collateral agent thereto (incorporated by reference to Exhibit 10.76 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021 filed on August 23, 2021).</u></a>                                                                                           |
| <a href="#"><u>10.50</u></a> | <a href="#"><u>NBA Transaction Agreement dated as of April 18, 2023, by and among Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.), Madison Square Garden Entertainment Corp. (formerly MSGE Spinco, Inc.) and certain other parties thereto (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 filed on May 10, 2023).</u></a>                                                                                                |
| <a href="#"><u>10.51</u></a> | <a href="#"><u>NBA Transaction Agreement, dated as of April 15, 2020, among Madison Square Garden Sports Corp. (formerly The Madison Square Garden Company), Sphere Entertainment Co. (formerly MSG Entertainment Spinco, Inc.) and certain other parties thereto (incorporated by reference to Exhibit 10.59 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2020 filed on August 31, 2020).</u></a>                                                                                                    |
| <a href="#"><u>10.52</u></a> | <a href="#"><u>NHL Transaction Agreement, dated as of April 15, 2020, among Madison Square Garden Sports Corp. (formerly The Madison Square Garden Company), Sphere Entertainment Co. (formerly MSG Entertainment Spinco, Inc.) and certain other parties thereto (incorporated by reference to Exhibit 10.60 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2020 filed on August 31, 2020).</u></a>                                                                                                    |
| <a href="#"><u>10.53</u></a> | <a href="#"><u>MSG Networks Voting and Support Agreement, dated as of March 25, 2021, by and among Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.) and certain stockholders of MSG Networks Inc. that are signatories thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 26, 2021).</u></a>                                                                                                                                                    |
| <a href="#"><u>10.54</u></a> | <a href="#"><u>Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.) Voting and Support Agreement, dated as of March 25, 2021, by and among MSG Networks Inc. and certain stockholders of Madison Square Garden Entertainment Corp. that are signatories thereto (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 26, 2021).</u></a>                                                                                                                       |
| <a href="#"><u>10.59</u></a> | <a href="#"><u>Transaction Agreement, dated as of April 17, 2023, by and among TAO Group Sub-Holdings LLC, Disco Holdings Intermediate LLC, TAO Group Holdings LLC, Hakkasan USA Inc. and others (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 17, 2023).</u></a>                                                                                                                                                                                                               |
| <a href="#"><u>10.60</u></a> | <a href="#"><u>Employment Agreement dated as of April 20, 2023 between Sphere Entertainment Co. and Gautam Ranji (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on April 24, 2023). †</u></a>                                                                                                                                                                                                                                                                                             |
| <a href="#"><u>10.61</u></a> | <a href="#"><u>Separation Agreement, dated as of November 3, 2023, between Sphere Entertainment Co. and Gautam Ranji (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 8, 2023). †</u></a>                                                                                                                                                                                                                                                                                    |
| <a href="#"><u>19.1</u></a>  | <a href="#"><u>Insider Trading Policy.</u></a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <a href="#"><u>21.1</u></a>  | <a href="#"><u>Subsidiaries of the Registrant.</u></a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <a href="#"><u>23.1</u></a>  | <a href="#"><u>Consent of Deloitte &amp; Touche LLP</u></a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <a href="#"><u>24.1</u></a>  | <a href="#"><u>Power of Attorney (included on the signature page to this Annual Report on Form 10-K).</u></a>                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <a href="#"><u>31.1</u></a>  | <a href="#"><u>Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                                                                                                                                                                                                                                                                                                                                          |
| <a href="#"><u>31.2</u></a>  | <a href="#"><u>Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                                                                                                                                                                                                                                                                                                                                          |
| <a href="#"><u>32.1</u></a>  | <a href="#"><u>Certification by the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**</u></a>                                                                                                                                                                                                                                                                                                                                                                                                        |
| <a href="#"><u>32.2</u></a>  | <a href="#"><u>Certification by the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**</u></a>                                                                                                                                                                                                                                                                                                                                                                                                        |
| <a href="#"><u>97.1</u></a>  | <a href="#"><u>Clawback Policy.</u></a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

| EXHIBIT NO. | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 101         | The following materials from Sphere Entertainment Co. Annual Report on Form 10-K for the fiscal year ended June 30, 2024, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) consolidated balance sheets, (ii) consolidated and combined statements of operations, (iii) consolidated and combined statements of comprehensive income (loss), (iv) consolidated and combined statements of cash flows, (v) consolidated and combined statements of equity and redeemable noncontrolling interests, and (vi) notes to consolidated and combined financial statements. |
| 104         | The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2024 formatted in Inline XBRL and contained in Exhibit 101.                                                                                                                                                                                                                                                                                                                                                                                                                               |

† This exhibit is a management contract or a compensatory plan or arrangement.

+ Certain confidential information - identified by bracketed asterisks "[\*\*\*\*\*]" - has been omitted from this exhibit pursuant to Item 601(b)(10) of Regulation S-K because it is both (i) not material and (ii) would be competitively harmful to the Registrant if publicly disclosed.

\*\* Furnished herewith. These exhibits shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibits shall not be deemed incorporated into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

### Item 16. Form 10-K Summary

The Company has elected not to provide summary information.

**SPHERE ENTERTAINMENT CO.**  
**SCHEDULE II**  
**VALUATION AND QUALIFYING ACCOUNTS**  
**(in thousands)**

|                                                 |                                               | <u>(Additions) / Deductions</u>              |                                          |                   |                                         |
|-------------------------------------------------|-----------------------------------------------|----------------------------------------------|------------------------------------------|-------------------|-----------------------------------------|
|                                                 | <u>Balance at<br/>Beginning<br/>of Period</u> | <u>Charged to<br/>Costs and<br/>Expenses</u> | <u>Charged to<br/>Other<br/>Accounts</u> | <u>Deductions</u> | <u>Balance at<br/>End of<br/>Period</u> |
| <b>Year Ended June 30, 2024</b>                 |                                               |                                              |                                          |                   |                                         |
| Allowance for doubtful accounts / credit losses | \$ (171)                                      | \$ —                                         | \$ —                                     | \$ 161            | \$ (10)                                 |
| Deferred tax valuation allowance                | (30)                                          | (29,189)                                     | —                                        | —                 | (29,219)                                |
|                                                 | <u>\$ (201)</u>                               | <u>\$ (29,189)</u>                           | <u>\$ —</u>                              | <u>\$ 161</u>     | <u>\$ (29,229)</u>                      |
| <b>Year Ended June 30, 2023</b>                 |                                               |                                              |                                          |                   |                                         |
| Allowance for doubtful accounts / credit losses | \$ (843)                                      | \$ (3)                                       | \$ —                                     | \$ 675            | \$ (171)                                |
| Deferred tax valuation allowance                | (2,923)                                       | 2,053                                        | 840                                      | —                 | (30)                                    |
|                                                 | <u>\$ (3,766)</u>                             | <u>\$ 2,050</u>                              | <u>\$ 840</u>                            | <u>\$ 675</u>     | <u>\$ (201)</u>                         |
| <b>Year Ended June 30, 2022</b>                 |                                               |                                              |                                          |                   |                                         |
| Allowance for doubtful accounts / credit losses | \$ (1,354)                                    | \$ 123                                       | \$ —                                     | \$ 388            | \$ (843)                                |
| Deferred tax valuation allowance                | (3,131)                                       | 2,200                                        | (1,992)                                  | —                 | (2,923)                                 |
|                                                 | <u>\$ (4,485)</u>                             | <u>\$ 2,323</u>                              | <u>\$ (1,992)</u>                        | <u>\$ 388</u>     | <u>\$ (3,766)</u>                       |

## SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 14<sup>th</sup> day of August 2024.

Sphere Entertainment Co.

By: /s/ DAVID F. BYRNES

Name: David F. Byrnes

Title: Executive Vice President, Chief  
Financial Officer and Treasurer

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David F. Byrnes, Greg Brunner and Mark C. Cresitello, and each of them, as such person's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person in such person's name, place and stead, in any and all capacities, to sign this report, and file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons in the capacities and on the dates indicated.

| <u>Name</u>                                     | <u>Title</u>                                                                                        | <u>Date</u>     |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------|
| <u>/s/ JAMES L. DOLAN</u><br>James L. Dolan     | Executive Chairman and Chief Executive Officer<br>(Principal Executive Officer) and Director        | August 14, 2024 |
| <u>/s/ DAVID F. BYRNES</u><br>David F. Byrnes   | Executive Vice President,<br>Chief Financial Officer and Treasurer (Principal Financial<br>Officer) | August 14, 2024 |
| <u>/s/ GREG BRUNNER</u><br>Greg Brunner         | Senior Vice President, Controller and<br>Principal Accounting Officer                               | August 14, 2024 |
| <u>/s/ CHARLES F. DOLAN</u><br>Charles F. Dolan | Director                                                                                            | August 14, 2024 |
| <u>/s/ CHARLES P. DOLAN</u><br>Charles P. Dolan | Director                                                                                            | August 14, 2024 |
| <u>/s/ KRISTIN A. DOLAN</u><br>Kristin A. Dolan | Director                                                                                            | August 14, 2024 |

| <b>Name</b>                                             | <b>Title</b> | <b>Date</b>     |
|---------------------------------------------------------|--------------|-----------------|
| <u>/s/ MARIANNE DOLAN WEBER</u><br>Marianne Dolan Weber | Director     | August 14, 2024 |
| <u>/s/ PAUL J. DOLAN</u><br>Paul J. Dolan               | Director     | August 14, 2024 |
| <u>/s/ QUENTIN F. DOLAN</u><br>Quentin F. Dolan         | Director     | August 14, 2024 |
| <u>/s/ RYAN T. DOLAN</u><br>Ryan T. Dolan               | Director     | August 14, 2024 |
| <u>/s/ THOMAS C. DOLAN</u><br>Thomas C. Dolan           | Director     | August 14, 2024 |
| <u>/s/ JOSEPH J. LHOTA</u><br>Joseph J. Lhota           | Director     | August 14, 2024 |
| <u>/s/ JOEL M. LITVIN</u><br>Joel M. Litvin             | Director     | August 14, 2024 |
| <u>/s/ BRIAN G. SWEENEY</u><br>Brian G. Sweeney         | Director     | August 14, 2024 |
| <u>/s/ JOHN L. SYKES</u><br>John L. Sykes               | Director     | August 14, 2024 |
| <u>/s/ VINCENT TESE</u><br>Vincent Tese                 | Director     | August 14, 2024 |
| <u>/s/ ISIAH L. THOMAS III</u><br>Isiah L. Thomas III   | Director     | August 14, 2024 |
| <u>/s/ CARL E. VOGEL</u><br>Carl E. Vogel               | Director     | August 14, 2024 |

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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| <a href="#"><u>Reports of Independent Registered Public Accounting Firm</u></a> (Deloitte & Touche LLP, New York, NY, Auditor Firm ID: 34)               | <a href="#"><u>F - 2</u></a>  |
| <a href="#"><u>Consolidated Balance Sheets as of June 30, 2024 and 2023</u></a>                                                                          | <a href="#"><u>F - 6</u></a>  |
| <a href="#"><u>Consolidated Statements of Operations for the fiscal years ended June 30, 2024, 2023, and 2022</u></a>                                    | <a href="#"><u>F - 7</u></a>  |
| <a href="#"><u>Consolidated Statements of Comprehensive (Loss) Income for the fiscal years ended June 30, 2024, 2023, and 2022</u></a>                   | <a href="#"><u>F - 8</u></a>  |
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| <a href="#"><u>Consolidated Statements of Equity and Redeemable Noncontrolling Interests for the fiscal years ended June 30, 2024, 2023 and 2022</u></a> | <a href="#"><u>F - 11</u></a> |
| <a href="#"><u>Notes to Consolidated Financial Statements</u></a>                                                                                        | <a href="#"><u>F - 14</u></a> |

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Sphere Entertainment Co.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Sphere Entertainment Co. and its subsidiaries (the "Company") as of June 30, 2024 and 2023, the related consolidated statements of operations, comprehensive (loss) income, cash flows, and equity and redeemable noncontrolling interests for each of the three years in the period ended June 30, 2024, and the related notes and the financial statement Schedule II listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 14, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

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

### Related Party Transactions — Refer to Note 18 to the financial statements

#### *Critical Audit Matter Description*

The Dolan family, including trusts for the benefit of members of the Dolan family (collectively, the Dolan Family Group), as of June 30, 2024, is the majority beneficial owner of the Company, Madison Square Garden Entertainment Corp. ("MSG Entertainment"), Madison Square Garden Sports Corp. ("MSG Sports"), AMC Networks Inc., and other related entities. In addition, there are certain overlapping directors and executive officers between the companies. Each of these entities has been identified as a related party at June 30, 2024.

Subsequent to the distribution on April 20, 2023 of approximately 67% of the outstanding common stock of MSG Entertainment (the "MSG Entertainment Distribution"), the Company is party to a number of transactions with related parties, including, but not limited to agreements for media rights and business operations services with MSG Sports, certain sponsorship rights with MSG Entertainment and MSG Sports, sponsorship-related account management services with MSG Entertainment, and certain services agreements with MSG Entertainment, which include certain shared executive support costs for the Company's Executive Chairman and Chief Executive Officer, the Company's Executive Vice President, and the Company's Vice Chairman.

We identified the evaluation of the Company's identification of related parties and related party transactions as a critical audit matter. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of management's procedures performed to identify related parties and related party transactions of the Company.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the Company's identification of related parties and related party transactions included the following, among others:

- We tested the effectiveness of internal controls over the Company's related party process, including controls over the identification of the Company's related party relationships and transactions, the authorization and approval of transactions with related parties, the allocation of revenues and operating expenses among related parties, and the accounting, classification and disclosure of relationships and transactions with related parties in the financial statements.
- Inquired with executive officers including the Company's internal legal counsel, key members of management, including non-finance and accounting personnel, and the Audit Committee of the Board of Directors regarding related party transactions.
- Read agreements and contracts with and between related parties, and, in certain cases third parties, and evaluated whether authorization and approvals were obtained and the terms and other information about transactions are consistent with explanations from inquiries and other audit evidence obtained about the business purpose of the transactions.
- With the assistance of our data specialists, we analyzed the general ledger detail to identify potential undisclosed transactions with related parties.
- Compared the Company's reconciliation of applicable accounts to related parties' records of transactions and balances.
- For new and amended revenue arrangements among related parties, evaluated the reasonableness of management's allocation of the transaction price to each performance obligation identified in the arrangement.
- Received confirmations from related parties and, in certain cases third parties, and compared responses to the Company's records.
- Performed the following procedures to identify information related to potential undisclosed transactions between the Company and related parties that may also include third parties:
  - Read the Company's minutes from meetings of the Board of Directors and related committees of the Board of Directors;
  - Inspected annual compliance questionnaires completed by the Company's directors and officers;
  - Read publicly available sources including the Company's public filings and press releases as well as certain analyst and industry reports; and
  - Listened to or read transcripts of the Company's earnings calls.

**Liquidity and Going Concern — Refer to Notes 2 and 13 to the financial statements**

*Critical Audit Matter Description*

As of June 30, 2024, the legal entities that comprise the MSG Networks reportable segment ("MSG Networks"), have approximately \$850 million of debt under the MSG Networks Credit Facilities (as defined in Note 13 to the financial statements) that is scheduled to mature in October 2024 and is classified as short-term on the Company's consolidated balance sheet. MSG Networks will be unable to generate sufficient operating cash flows prior to the maturity to settle the remaining outstanding borrowings under the MSG Networks Credit Facilities when they become due absent action taken by management to refinance the outstanding borrowings.

The MSG Networks Credit Facilities are guaranteed by the MSGN Guarantors and secured by the MSGN Collateral (as defined in Note 13 to the financial statements). In the event MSG Networks is unable to successfully refinance the MSG Networks Credit Facilities through a work-out or otherwise, the lenders could exercise their remedies under the MSG Networks Credit

Facilities, which would include, but not be limited to, declaring an event of default and foreclosing on the MSGN Collateral. MSG Networks and its subsidiaries could also seek bankruptcy protection prior to the lenders exercising their rights under the MSG Networks Credit Facilities. However, as of the date the financial statements were issued, MSG Networks does not intend to seek such bankruptcy protection. The Company has concluded that Sphere Entertainment Co., Sphere Entertainment Group and the subsidiaries of Sphere Entertainment Group (collectively, the “Non-Credit Parties”) are not legally obligated to fund the outstanding borrowings under the MSG Networks Credit Facilities, nor are the assets of the Non-Credit Parties pledged as security under the MSG Networks Credit Facilities. In the event of an exercise of post-default rights and remedies, the Company believes the lenders would have no remedies or recourse against the Non-Credit Parties pursuant to the terms of the MSG Networks Credit Facilities.

Auditing the Company’s conclusion that substantial doubt about the Company’s ability to continue as a going concern has been effectively alleviated, including management’s conclusion that the lenders would have no remedies or recourse against the Non-Credit Parties pursuant to the terms of the MSG Networks Credit Facilities, involved a high degree of auditor judgment and an increased extent of effort.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the Company’s analysis of its ability to continue as a going concern in accordance with ASC 205-40, Going Concern (“ASC 205-40”) included the following, among others:

- We tested the effectiveness of internal controls over the Company’s going concern analysis, including controls over the inputs and assumptions used in the Company’s evaluation.
- We obtained the Company’s going concern analysis and evaluated whether the conclusions reached comply with ASC 205-40.
- We obtained the forecast used by the Company in its analysis of its ability to continue as a going concern and evaluated whether the significant assumptions used were reasonable, considering the Company’s recent performance and its forecasting process and evidence obtained in other areas of the audit.
- We obtained and read the agreements related to the MSG Networks Credit Facilities.
- We evaluated the Company’s conclusion regarding the rights and remedies of the lenders to the MSG Networks Credit Facilities, including management’s conclusion that the lenders would have no remedies or recourse against the Non-Credit Parties pursuant to the terms of the MSG Networks Credit Facilities.
- We made inquiries of executive officers, including the Company’s internal legal counsel, key members of management, and the Audit Committee, regarding their understanding of the rights and remedies of the lenders to the MSG Networks Credit Facilities, and the related conclusion reached in the Company’s analysis of its ability to continue as a going concern.
- We read the Company’s minutes from meetings of the Board of Directors and related committees of the Board of Directors and assessed whether any contradictory evidence existed with respect to management’s plans included in the Company’s analysis of its ability to continue as a going concern.
- We assessed the appropriateness of the Company’s going concern disclosure in the financial statements.

/s/ Deloitte & Touche LLP

New York, New York

August 14, 2024

We have served as the Company’s auditor since 2020.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Sphere Entertainment Co.:

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Sphere Entertainment Co. and subsidiaries (the “Company”) as of June 30, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended June 30, 2024, of the Company and our report dated August 14, 2024, expressed an unqualified opinion on those consolidated financial statements.

### Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

New York, New York

August 14, 2024

We have served as the Company’s auditor since 2020.

**SPHERE ENTERTAINMENT CO.**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except per share data)

|                                                         | As of<br>June 30,   |                     |
|---------------------------------------------------------|---------------------|---------------------|
|                                                         | 2024                | 2023                |
| <b>ASSETS</b>                                           |                     |                     |
| <b>Current Assets:</b>                                  |                     |                     |
| Cash, cash equivalents and restricted cash              | \$ 573,233          | \$ 429,114          |
| Accounts receivable, net                                | 228,230             | 112,309             |
| Related party receivables, current                      | 9,377               | 26,405              |
| Prepaid expenses and other current assets               | 54,855              | 56,085              |
| Total current assets                                    | 865,695             | 623,913             |
| <b>Non-Current Assets:</b>                              |                     |                     |
| Investments                                             | 30,728              | 395,606             |
| Property and equipment, net                             | 3,158,420           | 3,307,161           |
| Right-of-use lease assets                               | 106,468             | 84,912              |
| Goodwill                                                | 470,152             | 456,807             |
| Intangible assets, net                                  | 31,940              | 17,910              |
| Other non-current assets                                | 124,489             | 86,706              |
| Total assets                                            | <u>\$ 4,787,892</u> | <u>\$ 4,973,015</u> |
| <b>LIABILITIES AND EQUITY</b>                           |                     |                     |
| <b>Current Liabilities:</b>                             |                     |                     |
| Accounts payable, accrued and other current liabilities | \$ 417,087          | \$ 515,731          |
| Related party payables, current                         | 8,200               | 56,446              |
| Current portion of long-term debt, net                  | 849,437             | 82,500              |
| Operating lease liabilities, current                    | 18,548              | 10,127              |
| Deferred revenue                                        | 80,404              | 27,337              |
| Total current liabilities                               | 1,373,676           | 692,141             |
| <b>Non-Current Liabilities:</b>                         |                     |                     |
| Long-term debt, net                                     | 522,735             | 1,118,387           |
| Operating lease liabilities, non-current                | 128,022             | 110,259             |
| Deferred tax liabilities, net                           | 225,169             | 379,552             |
| Other non-current liabilities                           | 122,738             | 88,811              |
| Total liabilities                                       | 2,372,340           | 2,389,150           |
| Commitments and contingencies (see Note 12)             |                     |                     |
| <b>Equity:</b>                                          |                     |                     |
| Class A Common Stock <sup>(a)</sup>                     | 285                 | 278                 |
| Class B Common Stock <sup>(b)</sup>                     | 69                  | 69                  |
| Additional paid-in capital                              | 2,410,378           | 2,376,420           |
| Retained earnings                                       | 11,387              | 212,036             |
| Accumulated other comprehensive loss                    | (6,567)             | (4,938)             |
| Total stockholders' equity                              | 2,415,552           | 2,583,865           |
| Total liabilities and equity                            | <u>\$ 4,787,892</u> | <u>\$ 4,973,015</u> |

<sup>(a)</sup> Class A Common Stock, \$0.01 par value per share, 120,000 shares authorized; 28,493 and 27,812 shares outstanding as of June 30, 2024 and 2023, respectively.

<sup>(b)</sup> Class B Common Stock, \$0.01 par value per share, 30,000 shares authorized; 6,867 shares outstanding as of June 30, 2024 and 2023.

See accompanying notes to the consolidated financial statements.

**SPHERE ENTERTAINMENT CO.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data)

|                                                                                                    | Years Ended June 30, |                   |                     |
|----------------------------------------------------------------------------------------------------|----------------------|-------------------|---------------------|
|                                                                                                    | 2024                 | 2023              | 2022                |
| Revenues <sup>(a)</sup>                                                                            | \$ 1,026,889         | \$ 573,831        | \$ 610,055          |
| Direct operating expenses <sup>(a)</sup>                                                           | (547,824)            | (342,211)         | (320,278)           |
| Selling, general and administrative expenses <sup>(a)</sup>                                        | (432,853)            | (452,142)         | (419,793)           |
| Depreciation and amortization                                                                      | (256,494)            | (30,716)          | (22,562)            |
| Impairment and other (losses) gains, net                                                           | (121,473)            | 6,120             | 245                 |
| Restructuring charges                                                                              | (9,486)              | (27,924)          | (13,404)            |
| Operating loss                                                                                     | (341,241)            | (273,042)         | (165,737)           |
| Interest income                                                                                    | 25,687               | 11,585            | 3,575               |
| Interest expense                                                                                   | (79,868)             | —                 | —                   |
| Other income (expense), net                                                                        | 35,197               | 536,887           | (5,518)             |
| (Loss) income from continuing operations before income taxes                                       | (360,225)            | 275,430           | (167,680)           |
| Income tax benefit (expense)                                                                       | 135,592              | (103,403)         | 29,830              |
| (Loss) income from continuing operations                                                           | (224,633)            | 172,027           | (137,850)           |
| Income (loss) from discontinued operations, net of taxes                                           | 23,984               | 333,653           | (52,297)            |
| Net (loss) income                                                                                  | (200,649)            | 505,680           | (190,147)           |
| Less: Net income attributable to redeemable noncontrolling interests from discontinued operations  | —                    | 3,925             | 7,739               |
| Less: Net loss attributable to nonredeemable noncontrolling interests from discontinued operations | —                    | (1,017)           | (3,491)             |
| Net (loss) income attributable to Sphere Entertainment Co.'s stockholders                          | <u>\$ (200,649)</u>  | <u>\$ 502,772</u> | <u>\$ (194,395)</u> |
| <b>Basic (loss) earnings per common share</b>                                                      |                      |                   |                     |
| Continuing operations                                                                              | \$ (6.36)            | \$ 4.96           | \$ (4.02)           |
| Discontinued operations                                                                            | 0.68                 | 9.55              | (1.75)              |
| Basic (loss) earnings per common share attributable to Sphere Entertainment Co.'s stockholders     | <u>\$ (5.68)</u>     | <u>\$ 14.51</u>   | <u>\$ (5.77)</u>    |
| <b>Diluted (loss) earnings per common share</b>                                                    |                      |                   |                     |
| Continuing operations                                                                              | \$ (6.36)            | \$ 4.93           | \$ (4.02)           |
| Discontinued operations                                                                            | 0.68                 | 9.47              | (1.75)              |
| Diluted (loss) earnings per common share attributable to Sphere Entertainment Co.'s stockholders   | <u>\$ (5.68)</u>     | <u>\$ 14.40</u>   | <u>\$ (5.77)</u>    |
| <b>Weighted-average number of common shares outstanding:</b>                                       |                      |                   |                     |
| Basic                                                                                              | 35,301               | 34,651            | 34,255              |
| Diluted                                                                                            | 35,301               | 34,929            | 34,255              |

<sup>(a)</sup> See Note 18. Related Party Transactions, for further information on related party revenues and expenses

See accompanying notes to the consolidated financial statements.

**SPHERE ENTERTAINMENT CO.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**  
(in thousands)

|                                                                                                              | Years Ended June 30, |            |              |
|--------------------------------------------------------------------------------------------------------------|----------------------|------------|--------------|
|                                                                                                              | 2024                 | 2023       | 2022         |
| Net (loss) income                                                                                            | \$ (200,649)         | \$ 505,680 | \$ (190,147) |
| <b>Other comprehensive (loss) income, before income taxes:</b>                                               |                      |            |              |
| Pension plans and postretirement plans:                                                                      |                      |            |              |
| Amortization of net actuarial loss included in net periodic benefit cost                                     | 312                  | 1,755      | 1,978        |
| Amortization of net prior service credit included in net periodic benefit cost                               | (851)                | —          | 756          |
| Cumulative translation adjustments                                                                           | (1,851)              | 6,656      | (25,034)     |
| Other comprehensive (loss) income, before income taxes                                                       | (2,390)              | 8,411      | (22,300)     |
| Income tax benefit (expense) related to items of other comprehensive income                                  | 761                  | (1,535)    | 4,217        |
| Other comprehensive (loss) income, net of income taxes                                                       | (1,629)              | 6,876      | (18,083)     |
| Comprehensive (loss) income                                                                                  | (202,278)            | 512,556    | (208,230)    |
| Less: Comprehensive income attributable to redeemable noncontrolling interests from discontinued operations  | —                    | 3,925      | 7,739        |
| Less: Comprehensive loss attributable to nonredeemable noncontrolling interests from discontinued operations | —                    | (1,017)    | (3,491)      |
| Comprehensive (loss) income attributable to Sphere Entertainment Co.'s stockholders                          | \$ (202,278)         | \$ 509,648 | \$ (212,478) |

See accompanying notes to the consolidated financial statements.

**SPHERE ENTERTAINMENT CO.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

|                                                                                                                                                       | Years Ended June 30, |             |              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------|--------------|
|                                                                                                                                                       | 2024                 | 2023        | 2022         |
| <b>OPERATING ACTIVITIES:</b>                                                                                                                          |                      |             |              |
| Net (loss) income                                                                                                                                     | \$ (200,649)         | \$ 505,680  | \$ (190,147) |
| Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:                                                    |                      |             |              |
| Depreciation and amortization                                                                                                                         | 256,494              | 103,375     | 124,629      |
| Impairments and other losses (gains), net                                                                                                             | 121,473              | (224,831)   | (3,045)      |
| Amortization of debt discount and deferred financing costs                                                                                            | 3,181                | 5,063       | 8,728        |
| Amortization of deferred production content                                                                                                           | 20,427               | —           | —            |
| Deferred income tax (benefit) expense                                                                                                                 | (132,540)            | 123,467     | (31,270)     |
| Share-based compensation expense                                                                                                                      | 48,010               | 62,658      | 77,141       |
| Net unrealized and realized loss (gains) on equity investments with readily determinable fair value and loss (earnings) in nonconsolidated affiliates | 22,971               | (548,690)   | 54,869       |
| Loss on extinguishment of debt                                                                                                                        | —                    | —           | 35,815       |
| Other non-cash adjustments                                                                                                                            | 486                  | (538)       | 1,450        |
| Change in assets and liabilities, net of dispositions:                                                                                                |                      |             |              |
| Accounts receivable, net                                                                                                                              | (115,096)            | 7,103       | (30,749)     |
| Related party receivables and payables, net                                                                                                           | (31,218)             | 35,811      | 14,778       |
| Prepaid expenses and other current and non-current assets                                                                                             | (50,610)             | (178,758)   | (43,982)     |
| Accounts payable, accrued and other current and non-current liabilities                                                                               | (28,056)             | 117,278     | 78,442       |
| Deferred revenue                                                                                                                                      | 61,515               | 135,448     | 18,572       |
| Right-of-use lease assets and operating lease liabilities                                                                                             | 3,954                | 10,525      | 26,109       |
| Net cash (used in) provided by operating activities                                                                                                   | (19,658)             | 153,591     | 141,340      |
| <b>INVESTING ACTIVITIES:</b>                                                                                                                          |                      |             |              |
| Proceeds from sale of MSGE Retained Interest                                                                                                          | 256,501              | 204,676     | —            |
| Capital expenditures, net                                                                                                                             | (264,700)            | (1,058,978) | (756,717)    |
| Capitalized interest                                                                                                                                  | (25,053)             | (116,044)   | (48,507)     |
| Purchase of business, net of cash acquired                                                                                                            | (9,424)              | —           | —            |
| Investments and loans in nonconsolidated affiliates                                                                                                   | (731)                | (5,949)     | 1,060        |
| Proceeds from dispositions, net                                                                                                                       | —                    | 318,003     | —            |
| Proceeds from sale of investments                                                                                                                     | —                    | 4,369       | —            |
| Other investing activities                                                                                                                            | (1,776)              | —           | —            |
| Net cash used in investing activities                                                                                                                 | (45,183)             | (653,923)   | (804,164)    |

See accompanying notes to the consolidated financial statements.

**SPHERE ENTERTAINMENT CO.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

|                                                                                              | Years Ended June 30, |                   |                   |
|----------------------------------------------------------------------------------------------|----------------------|-------------------|-------------------|
|                                                                                              | 2024                 | 2023              | 2022              |
| <b>FINANCING ACTIVITIES:</b>                                                                 |                      |                   |                   |
| Proceeds from issuance of 3.50% Convertible Senior Notes due 2028                            | 251,634              | —                 | —                 |
| Borrowings under Delayed Draw Term Loan Facility                                             | 65,000               | —                 | —                 |
| Proceeds from exercise of stock options                                                      | 8,827                | —                 | —                 |
| Principal repayments on debt                                                                 | (83,848)             | (72,875)          | (725,000)         |
| Taxes paid in lieu of shares issued for share-based compensation                             | (16,543)             | (16,625)          | (16,658)          |
| Purchase of capped call related to 3.50% Convertible Senior Notes due 2028                   | (14,309)             | —                 | —                 |
| Payments for debt financing costs                                                            | (1,030)              | (5,238)           | (17,504)          |
| Proceeds from term loans, net of issuance discount                                           | —                    | 302,668           | 725,000           |
| Noncontrolling interest holders' capital contributions                                       | —                    | 3,000             | 6,400             |
| Distribution to MSG Entertainment                                                            | —                    | (119,119)         | —                 |
| Distribution to related parties associated with the settlement of certain share-based awards | —                    | (2,388)           | (2,256)           |
| Repayment of revolving credit facilities                                                     | —                    | (2,000)           | (15,000)          |
| Distributions to noncontrolling interest holders                                             | —                    | (1,881)           | (6,998)           |
| Proceeds from revolving credit facilities                                                    | —                    | —                 | 39,100            |
| Debt extinguishment costs                                                                    | —                    | —                 | (12,838)          |
| Purchase of noncontrolling interest from redeemable noncontrolling interest holders          | —                    | —                 | (4,638)           |
| Net cash provided by (used in) financing activities                                          | 209,731              | 85,542            | (30,392)          |
| Effect of exchange rates on cash, cash equivalents and restricted cash                       | (771)                | (2,106)           | (750)             |
| Net increase (decrease) in cash, cash equivalents and restricted cash                        | 144,119              | (416,896)         | (693,966)         |
| Cash, cash equivalents and restricted cash from continuing operations, beginning of period   | 429,114              | 760,312           | 1,190,105         |
| Cash, cash equivalents and restricted cash from discontinued operations, beginning of period | —                    | 85,698            | 349,871           |
| <b>Cash, cash equivalents and restricted cash at beginning of period</b>                     | <b>429,114</b>       | <b>846,010</b>    | <b>1,539,976</b>  |
| Cash, cash equivalents and restricted cash from continuing operations, end of period         | 573,233              | 429,114           | 760,312           |
| Cash, cash equivalents and restricted cash from discontinued operations, end of period       | —                    | —                 | 85,698            |
| <b>Cash, cash equivalents and restricted cash at end of period</b>                           | <b>\$ 573,233</b>    | <b>\$ 429,114</b> | <b>\$ 846,010</b> |
| <b>Non-cash investing and financing activities:</b>                                          |                      |                   |                   |
| Capital expenditures incurred but not yet paid                                               | \$ 49,834            | \$ 248,041        | \$ 206,462        |
| Non-cash repayment of the Delayed Draw Term Loan Facility                                    | \$ 65,512            | \$ —              | \$ —              |
| Non-cash forgiveness of Holoplot Loan                                                        | \$ 9,626             | \$ —              | \$ —              |
| Share-based compensation capitalized in property and equipment, net                          | \$ 2,193             | \$ 3,642          | \$ 2,979          |
| Investments and loans to nonconsolidated affiliates                                          | \$ —                 | \$ 113            | \$ 791            |

See accompanying notes to the consolidated financial statements.

**SPHERE ENTERTAINMENT CO.**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
**AND REDEEMABLE NONCONTROLLING INTERESTS**  
(in thousands)

|                                                                                                 | Common<br>Stock<br>Issued | Additional<br>Paid-In<br>Capital | Retained<br>Earnings<br>(Accumulated<br>Deficit) | Accumulated<br>Other<br>Comprehensive<br>Loss | Total Sphere<br>Entertainment<br>Co. Stockholders'<br>Equity | Nonredeemable<br>Noncontrolling<br>Interests | Total Equity        | Redeemable<br>Noncontrolling<br>Interests |
|-------------------------------------------------------------------------------------------------|---------------------------|----------------------------------|--------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------|----------------------------------------------|---------------------|-------------------------------------------|
| <b>Balance as of June 30, 2021</b>                                                              | <b>\$ 340</b>             | <b>\$2,294,775</b>               | <b>\$ (96,341)</b>                               | <b>\$ (30,272)</b>                            | <b>\$ 2,168,502</b>                                          | <b>\$ 11,904</b>                             | <b>\$ 2,180,406</b> | <b>\$ 137,834</b>                         |
| Net (loss) income                                                                               | —                         | —                                | (194,395)                                        | —                                             | (194,395)                                                    | (3,491)                                      | (197,886)           | 7,739                                     |
| Other comprehensive loss                                                                        | —                         | —                                | —                                                | (18,083)                                      | (18,083)                                                     | —                                            | (18,083)            | —                                         |
| Comprehensive (loss) income                                                                     | —                         | —                                | —                                                | —                                             | (212,478)                                                    | (3,491)                                      | (215,969)           | 7,739                                     |
| Share-based compensation                                                                        | —                         | 77,772                           | —                                                | —                                             | 77,772                                                       | —                                            | 77,772              | —                                         |
| Tax withholding associated with shares issued<br>for share-based compensation                   | 2                         | (16,660)                         | —                                                | —                                             | (16,658)                                                     | —                                            | (16,658)            | —                                         |
| Accretion of put options                                                                        | —                         | —                                | —                                                | —                                             | —                                                            | —                                            | —                   | 2,348                                     |
| Redeemable noncontrolling interest adjustment<br>to redemption fair value                       | —                         | (49,248)                         | —                                                | —                                             | (49,248)                                                     | —                                            | (49,248)            | 50,636                                    |
| Adjustment of redeemable noncontrolling<br>interest to redemption value                         | —                         | (3,173)                          | —                                                | —                                             | (3,173)                                                      | —                                            | (3,173)             | (8,070)                                   |
| Distribution to related parties associated with the<br>settlement of certain share-based awards | —                         | (1,496)                          | —                                                | —                                             | (1,496)                                                      | —                                            | (1,496)             | (760)                                     |
| Contributions from noncontrolling interest<br>holders                                           | —                         | —                                | —                                                | —                                             | —                                                            | 6,400                                        | 6,400               | —                                         |
| Distributions to noncontrolling interest holders                                                | —                         | —                                | —                                                | —                                             | —                                                            | (2,650)                                      | (2,650)             | (4,640)                                   |
| Put option payments                                                                             | —                         | —                                | —                                                | —                                             | —                                                            | —                                            | —                   | (895)                                     |
| <b>Balance as of June 30, 2022</b>                                                              | <b>\$ 342</b>             | <b>\$2,301,970</b>               | <b>\$ (290,736)</b>                              | <b>\$ (48,355)</b>                            | <b>\$ 1,963,221</b>                                          | <b>\$ 12,163</b>                             | <b>\$ 1,975,384</b> | <b>\$ 184,192</b>                         |

See accompanying notes to the consolidated financial statements.

**SPHERE ENTERTAINMENT CO.**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
**AND REDEEMABLE NONCONTROLLING INTERESTS**  
(in thousands)

|                                                                                              | Common<br>Stock<br>Issued | Additional<br>Paid-In<br>Capital | Retained<br>Earnings<br>(Accumulated<br>Deficit) | Accumulated<br>Other<br>Comprehensive<br>Loss | Total Sphere<br>Entertainment<br>Co. Stockholders'<br>Equity | Nonredeemable<br>Noncontrolling<br>Interests | Total Equity        | Redeemable<br>Noncontrolling<br>Interests |
|----------------------------------------------------------------------------------------------|---------------------------|----------------------------------|--------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------|----------------------------------------------|---------------------|-------------------------------------------|
| <b>Balance as of June 30, 2022</b>                                                           | <b>\$ 342</b>             | <b>\$2,301,970</b>               | <b>\$ (290,736)</b>                              | <b>\$ (48,355)</b>                            | <b>\$ 1,963,221</b>                                          | <b>\$ 12,163</b>                             | <b>\$ 1,975,384</b> | <b>\$ 184,192</b>                         |
| Net income (loss)                                                                            | —                         | —                                | 502,772                                          | —                                             | 502,772                                                      | (1,017)                                      | 501,755             | 3,925                                     |
| Other comprehensive income                                                                   | —                         | —                                | —                                                | 6,876                                         | 6,876                                                        | —                                            | 6,876               | —                                         |
| Comprehensive income (loss)                                                                  | —                         | —                                | —                                                | —                                             | 509,648                                                      | (1,017)                                      | 508,631             | 3,925                                     |
| Redeemable noncontrolling interest adjustment to redemption fair value                       | —                         | 126,375                          | —                                                | —                                             | 126,375                                                      | —                                            | 126,375             | (126,375)                                 |
| Share-based compensation                                                                     | —                         | 64,406                           | —                                                | —                                             | 64,406                                                       | —                                            | 64,406              | —                                         |
| Accretion of put options                                                                     | —                         | (895)                            | —                                                | —                                             | (895)                                                        | —                                            | (895)               | 2,786                                     |
| Tax withholding associated with shares issued for share-based compensation                   | 5                         | (16,625)                         | —                                                | —                                             | (16,620)                                                     | —                                            | (16,620)            | —                                         |
| Distribution to related parties associated with the settlement of certain share-based awards | —                         | (1,736)                          | —                                                | —                                             | (1,736)                                                      | —                                            | (1,736)             | (652)                                     |
| Contribution from noncontrolling interest holders                                            | —                         | —                                | —                                                | —                                             | —                                                            | 3,000                                        | 3,000               | —                                         |
| Distributions to noncontrolling interest holders                                             | —                         | —                                | —                                                | —                                             | —                                                            | (1,881)                                      | (1,881)             | (3,141)                                   |
| Disposition of TAO                                                                           | —                         | 4,859                            | —                                                | 2,824                                         | 7,683                                                        | (12,265)                                     | (4,582)             | (60,735)                                  |
| Distribution of MSG Entertainment                                                            | —                         | (101,934)                        | —                                                | 33,717                                        | (68,217)                                                     | —                                            | (68,217)            | —                                         |
| <b>Balance as of June 30, 2023</b>                                                           | <b>\$ 347</b>             | <b>\$2,376,420</b>               | <b>\$ 212,036</b>                                | <b>\$ (4,938)</b>                             | <b>\$ 2,583,865</b>                                          | <b>\$ —</b>                                  | <b>\$ 2,583,865</b> | <b>\$ —</b>                               |

See accompanying notes to the consolidated financial statements.

**SPHERE ENTERTAINMENT CO.**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
**AND REDEEMABLE NONCONTROLLING INTERESTS**  
(in thousands)

|                                                                            | Common<br>Stock<br>Issued | Additional<br>Paid-In<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Loss | Total Equity        |
|----------------------------------------------------------------------------|---------------------------|----------------------------------|----------------------|-----------------------------------------------|---------------------|
| <b>Balance as of June 30, 2023</b>                                         | <b>\$ 347</b>             | <b>\$ 2,376,420</b>              | <b>\$ 212,036</b>    | <b>\$ (4,938)</b>                             | <b>\$ 2,583,865</b> |
| Net loss                                                                   | —                         | —                                | (200,649)            | —                                             | (200,649)           |
| Other comprehensive loss                                                   | —                         | —                                | —                    | (1,629)                                       | (1,629)             |
| Comprehensive loss                                                         | —                         | —                                | —                    | (1,629)                                       | (202,278)           |
| Share-based compensation                                                   | —                         | 50,203                           | —                    | —                                             | 50,203              |
| Tax withholding associated with shares issued for share-based compensation | 6                         | (16,549)                         | —                    | —                                             | (16,543)            |
| Purchase of capped call related to 3.50% Convertible Senior Notes due 2028 | —                         | (14,309)                         | —                    | —                                             | (14,309)            |
| Distribution of MSG Entertainment                                          | —                         | 5,787                            | —                    | —                                             | 5,787               |
| Exercise of stock options                                                  | 1                         | 8,826                            | —                    | —                                             | 8,827               |
| <b>Balance as of June 30, 2024</b>                                         | <b>\$ 354</b>             | <b>\$ 2,410,378</b>              | <b>\$ 11,387</b>     | <b>\$ (6,567)</b>                             | <b>\$ 2,415,552</b> |

See accompanying notes to the consolidated financial statements.

**SPHERE ENTERTAINMENT CO.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**All amounts included in the following Notes to Consolidated Financial Statements are presented in thousands, except per share data or as otherwise noted.**

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

**Description of Business**

Sphere Entertainment Co. (together with its subsidiaries, the “Company” or “Sphere Entertainment”) is a premier live entertainment and media company comprised of two reportable segments, Sphere and MSG Networks. Sphere is a next-generation entertainment medium, and MSG Networks operates two regional sports and entertainment networks, as well as a direct-to-consumer (“DTC”) and authenticated streaming product.

*Sphere:* This segment reflects Sphere™, a next-generation entertainment medium powered by cutting-edge technologies to create multi-sensory experiences at an unparalleled scale. The Company’s first Sphere opened in Las Vegas on September 29, 2023. The venue can accommodate up to 20,000 guests and can host a wide variety of events year-round, including The Sphere Experience™, which features original immersive productions, as well as concerts and residencies from renowned artists, and marquee sports and corporate events. Production efforts are supported by Sphere Studios™, an immersive content studio dedicated to creating multi-sensory live entertainment experiences exclusively for Sphere. Sphere Studios is home to a team of creative, production, technology and software experts who provide full in-house creative and production services. The studio campus in Burbank includes a 68,000-square-foot development facility, as well as Big Dome, a 28,000-square-foot, 100-foot high custom dome, with a quarter-sized version of the interior display plane at Sphere in Las Vegas, that serves as a specialized screening, production facility, and lab for content at Sphere. The entire exterior surface of Sphere, referred to as the Exosphere™, is covered with nearly 580,000 square feet of fully programmable LED paneling, creating the largest LED screen in the world — and an impactful display for artists, brands and partners.

*MSG Networks:* This segment is comprised of the Company’s regional sports and entertainment networks, MSG Network and MSG Sportsnet, as well as its DTC and authenticated streaming product, MSG+. MSG Networks serves the New York designated market area, as well as other portions of New York, New Jersey, Connecticut and Pennsylvania and features a wide range of sports content, including exclusive live local games and other programming of the New York Knicks (the “Knicks”) of the National Basketball Association (the “NBA”) and the New York Rangers (the “Rangers”), New York Islanders (the “Islanders”), New Jersey Devils (the “Devils”) and Buffalo Sabres (the “Sabres”) of the National Hockey League (the “NHL”), as well as significant coverage of the New York Giants (the “Giants”) and the Buffalo Bills (the “Bills”) of the National Football League (the “NFL”).

The Company (formerly Madison Square Garden Entertainment Corp.) was incorporated on November 21, 2019 as a direct, wholly-owned subsidiary of MSG Sports. On April 17, 2020, MSG Sports distributed all outstanding common stock of the Company to MSG Sports’ stockholders (the “2020 Entertainment Distribution”).

**MSG Entertainment Distribution**

On April 20, 2023 (the “MSG Distribution Date”), the Company distributed approximately 67% of the outstanding common stock of Madison Square Garden Entertainment Corp (“MSG Entertainment”) to its stockholders (the “MSG Distribution”), with the Company retaining approximately 33% of the outstanding common stock of MSG Entertainment (in the form of MSG Entertainment Class A common stock) immediately following the MSG Distribution (the “MSG Retained Interest”). Following the MSG Distribution Date, the Company retained the Sphere and MSG Networks businesses and MSG Entertainment now owns the traditional live entertainment business previously owned and operated by the Company through its Entertainment business segment, excluding the Sphere business. In the MSG Distribution, stockholders of the Company received (a) one share of MSG Entertainment’s Class A common stock, par value \$0.01 per share, for every share of the Company’s Class A common stock, par value \$0.01 per share (“Class A Common Stock”), held of record as of the close of business, New York City time, on April 14, 2023 (the “Record Date”), and (b) one share of MSG Entertainment’s Class B common stock, par value \$0.01 per share, for every share of the Company’s Class B common stock, par value \$0.01 per share (“Class B Common Stock”), held of record as of the close of business, New York City time, on the Record Date.

As of April 20, 2023, the MSG Entertainment business met the criteria for discontinued operations. See Note 3. Discontinued Operations, for more information about the MSG Distribution.

As of June 30, 2024, following the sales of portions of the MSG Retained Interest and the repayment of the delayed draw term loan with MSG Entertainment using a portion of the MSG Retained Interest, the Company no longer holds any of the outstanding common stock of MSG Entertainment. See Note 7. Investments and Note 13. Credit Facilities and Convertible Notes for more information about the MSG Retained Interest.

**SPHERE ENTERTAINMENT CO.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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***Tao Group Hospitality Disposition***

On May 3, 2023, the Company completed the sale of its 66.9% majority interest in TAO Group Sub-Holdings LLC (“Tao Group Hospitality”) to a subsidiary of Mohari Hospitality Limited, a global investment company focused on the luxury lifestyle and hospitality sectors (the “Tao Group Hospitality Disposition”).

Since March 31, 2023, the Tao Group Hospitality segment met the criteria for discontinued operations and was classified as a discontinued operation. See Note 3 Discontinued Operations for more information about the Tao Group Hospitality Disposition.

**Basis of Presentation**

The Company has historically reported on a fiscal year basis ending on June 30<sup>th</sup>. In these consolidated financial statements, the fiscal years ended June 30, 2024, 2023 and 2022 are referred to as “Fiscal Year 2024,” “Fiscal Year 2023,” and “Fiscal Year 2022,” respectively. On June 26, 2024, the Board of Directors approved a change in the Company’s fiscal year-end from June 30 to December 31, effective December 31, 2024. The Company plans to report its financial results for the six-month transition period of July 1, 2024 through December 31, 2024 on an Annual Report on Form 10-K/T and to thereafter file reports for the twelve-month period ending December 31 of each year, beginning with the twelve-month period ending December 31, 2025. Prior to filing the transition report, the Company will file its Quarterly Report on Form 10-Q for the quarter ending September 30, 2024.

The Company has presented both the MSG Entertainment business and Tao Group Hospitality as discontinued operations for all periods presented. See Note 3. Discontinued Operations for more information about the MSGE Distribution and Tao Group Hospitality Disposition.

**Reclassifications**

For purposes of comparability, certain prior period amounts have been reclassified to conform to the current year presentation in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

**Note 2. Summary of Significant Accounting Policies**

**A. Principles of Consolidation**

The consolidated financial statements of the Company include the accounts of Sphere Entertainment Co. and its subsidiaries. They also historically included accounts of Tao Group Hospitality, MSG Entertainment, and Boston Calling Events, LLC (“BCE”) until their dispositions on May 3, 2023, April 20, 2023, and December 2, 2022, respectively. Both Tao Group Hospitality and MSG Entertainment met the criteria to be reported as discontinued operations during the quarters ended March 31, 2023 and June 30, 2023, respectively. All significant intercompany transactions and balances have been eliminated in consolidation.

Prior to their disposition, Tao Group Hospitality and BCE were consolidated with the equity owned by other stockholders shown as redeemable or nonredeemable noncontrolling interests of discontinued operations in the accompanying consolidated balance sheets, and the other stockholders’ portion of net earnings (loss) and other comprehensive income (loss) shown as net income (loss) or comprehensive income (loss) attributable to redeemable or nonredeemable noncontrolling interests from discontinued operations in the accompanying consolidated statements of operations and consolidated statements of comprehensive income (loss), respectively.

See Note 3. Discontinued Operations, for details regarding the Tao Group Hospitality Disposition and MSGE Distribution.

**B. Business Combinations and Noncontrolling Interests**

The acquisition method of accounting for business combinations requires management to use significant estimates and assumptions, including fair value estimates, as of the business combination date and to refine those estimates as necessary during the measurement period (defined as the period, not to exceed one year, in which the Company is allowed to adjust the provisional amounts recognized for a business combination).

Under the acquisition method of accounting, the Company recognizes separately from goodwill the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in an acquiree, generally at the acquisition date fair value. The Company measures goodwill as of the acquisition date as the excess of consideration transferred, which is also measured at fair value over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. Costs that the Company incurs to complete a business combination such as investment banking, legal, and other professional fees are not considered part of consideration and the Company charges these costs to selling, general and administrative expense as they are incurred. In addition, the Company recognizes measurement-period adjustments in the period in which the amount is determined, including the effect on

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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earnings of any amounts the Company would have recorded in previous periods if the accounting had been completed at the acquisition date.

Interests held by third parties in consolidated majority-owned subsidiaries are presented as noncontrolling interests, which represent the noncontrolling stockholders' interests in the underlying net assets of the Company's consolidated majority-owned subsidiaries. Noncontrolling interests that are not redeemable are reported in the equity section of the consolidated balance sheets. Noncontrolling interests, where the Company may be required to repurchase the noncontrolling interest under put options or other contractual redemption requirements that are not solely within the Company's control, are reported in the consolidated balance sheets between liabilities and equity, as redeemable noncontrolling interests.

**C. Use of Estimates**

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Such estimates include the provision for credit losses, valuation of investments, goodwill, intangible assets, deferred production content costs, other long-lived assets, deferred tax assets, pension and other postretirement benefit obligations and the related net periodic benefit cost, ultimate revenue (as described below), and other liabilities. In addition, estimates are used in revenue recognition, rights fees, performance and share-based compensation, depreciation and amortization, litigation matters and other matters. Management believes its use of estimates in the financial statements to be reasonable.

Management evaluates its estimates on an ongoing basis using historical experience and other factors, including the general economic environment and actions it may take in the future. The Company adjusts such estimates when facts and circumstances dictate. However, these estimates may involve significant uncertainties and judgments and cannot be determined with precision. In addition, these estimates are based on management's best judgment at a point in time and, as such, these estimates may ultimately differ from actual results. Changes in estimates resulting from weakness in the economic environment or other factors beyond the Company's control could be material and would be reflected in the Company's financial statements in future periods.

**D. Revenue Recognition**

The Company recognizes revenue when, or as, performance obligations under the terms of a contract are satisfied, which generally occurs when, or as, control of promised goods or services are transferred to customers. Revenue is measured as the amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services ("transaction price"). To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing the most likely amount to which the Company expects to be entitled. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Estimates of variable consideration and the determination of whether to include such estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information that is reasonably available. The Company accounts for taxes collected from customers and remitted to governmental authorities on a net basis and excludes these amounts from revenues.

In addition, the Company defers certain costs to fulfill the Company's contracts with customers to the extent such costs relate directly to the contracts, are expected to generate resources that will be used to satisfy the Company's performance obligations under the contracts, and are expected to be recovered through revenue generated under the contracts. Contract fulfillment costs are expensed as the Company satisfies the related performance obligations.

*Arrangements with Multiple Performance Obligations*

The Company may enter into arrangements with multiple performance obligations, such as multi-year sponsorship agreements which may derive revenues for the Company as well as MSG Entertainment and MSG Sports within a single arrangement. The Company may also derive revenue from similar types of arrangements which are entered into by MSG Entertainment or MSG Sports. Payment terms for such arrangements can vary by contract, but payments are generally due in installments throughout the contractual term. The performance obligations included in each sponsorship agreement vary and may include advertising and other benefits such as, but not limited to, signage at Sphere, advertising on the Exosphere, digital advertising, or event or property-specific advertising, as well as non-advertising benefits such as suite licenses and event tickets. To the extent the Company's multi-year arrangements provide for performance obligations that are consistent over the multi-year contractual term, such performance obligations generally meet the definition of a series as provided for under the accounting guidance. If performance obligations are concluded to meet the definition of

**SPHERE ENTERTAINMENT CO.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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a series, the contractual fees for all years during the contract term are aggregated and the related revenue is recognized proportionately as the underlying performance obligations are satisfied.

The timing of revenue recognition for each performance obligation is dependent upon the facts and circumstances surrounding the Company's satisfaction of its respective performance obligation. The Company allocates the transaction price for such arrangements to each performance obligation within the arrangement based on the estimated relative standalone selling price of the performance obligation. The Company's process for determining its estimated standalone selling prices involves management's judgment and considers multiple factors including company specific and market specific factors that may vary depending upon the unique facts and circumstances related to each performance obligation. Key factors considered by the Company in developing an estimated standalone selling price for its performance obligations include, but are not limited to, prices charged for similar performance obligations, the Company's ongoing pricing strategy and policies, and consideration of pricing of similar performance obligations sold in other arrangements with multiple performance obligations.

The Company may incur costs such as commissions to obtain its multi-year sponsorship agreements. The Company assesses such costs for capitalization on a contract by contract basis. To the extent costs are capitalized, the Company estimates the useful life of the related contract asset which may be the underlying contract term or the estimated customer life depending on the facts and circumstances surrounding the contract. The contract asset is amortized over the estimated useful life.

*Principal versus Agent Revenue Recognition*

The Company reports revenue on a gross or net basis based on management's assessment of whether the Company acts as a principal or agent in the transaction. The determination of whether the Company acts as a principal or an agent in a transaction is based on an evaluation of whether the Company controls the good or service before transfer to the customer. When the Company concludes that it controls the good or service before transfer to the customer, the Company is considered a principal in the transaction and records revenue on a gross basis. When the Company concludes that it does not control the good or service before transfer to the customer but arranges for another entity to provide the good or service, the Company acts as an agent and records revenue on a net basis in the amount it earns for its agency service.

*Contract Balances*

Amounts collected in advance of the Company's satisfaction of its contractual performance obligations are recorded as a contract liability within Deferred revenue, and are recognized as the Company satisfies the related performance obligations. Amounts collected in advance of events for which the Company is not the promoter or co-promoter do not represent contract liabilities and are recorded as collections due to promoters within Accounts payable, accrued and other current liabilities on the accompanying consolidated balance sheets. Amounts recognized as revenue for which the Company has a right to consideration for goods or services transferred to customers and for which the Company does not have an unconditional right to bill as of the reporting date are recorded as contract assets. Contract assets are transferred to accounts receivable once the Company's right to consideration becomes unconditional.

**E. Direct Operating Expenses**

Direct operating expenses for the Sphere segment may include, but are not limited to, event costs related to the presentation and production of the Company's live entertainment, sporting events, and immersive productions, maintenance, and other operating expenses.

Direct operating expenses for the MSG Networks segment primarily represent media rights fees and other direct programming and production costs, such as the salaries of on-air personalities, producers, directors, technicians, writers and other creative staff, as well as expenses associated with location costs, remote facilities and maintaining studios, origination, and transmission services and facilities. The professional team media rights acquired under media rights agreements to telecast various sporting events and other programming for exhibition on the segment's networks are typically expensed on a straight-line basis over the applicable annual contract or license period.

**F. Production Costs for the Company's Original Immersive Productions**

The Company defers certain costs during the production phase of its original immersive productions for Sphere that are directly related to production activities. Such costs include, but are not limited to, fees paid to writers, directors and producers as well as video and music production costs and production-specific overhead. For purposes of evaluating the recognition of amortization and any potential impairment, deferred immersive production costs are classified based on their predominant monetization strategy. The determination of the predominant monetization strategy is made at the commencement of production and is based on the means by which the Company expects to derive third-party revenues from use of the content.

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The Company's primary monetization strategy and classification for its current content is on an individual production basis, which the Company defines as content where the lifetime value is predominantly derived from third-party revenues that are directly attributable to the specific production. The classification of content only changes if there is a significant change to the production's monetization strategy relative to management's initial assessment.

Deferred immersive production costs are amortized beginning in the month the production debuts, in the same ratio that current period actual revenue bears to estimated remaining unrecognized ultimate revenue as of the beginning of the current fiscal year. Estimates of ultimate revenues are prepared on an individual production basis and are reviewed regularly by management and revised where necessary to reflect the most current information. Ultimate revenues reflect management's estimates of future revenue over a period not to exceed ten years following the premiere of the production. Deferred immersive production costs are subject to recoverability assessments whenever there is an indication of potential impairment.

As of June 30, 2024 and 2023, the Company recorded \$93,081 and \$61,421, respectively, in Other non-current assets in the accompanying consolidated balance sheets related to these production costs.

**G. Advertising Expenses**

Advertising costs are typically charged to expense when incurred. Total advertising costs expensed were \$25,295, \$16,977 and \$22,880 for Fiscal Years 2024, 2023 and 2022, respectively.

**H. Nonmonetary Transactions**

The MSG Networks segment enters into nonmonetary transactions, primarily with its Distributors (as defined below), that involve the exchange of products or services, such as advertising and promotional benefits, for the segment's services. For arrangements that are subject to sales based and usage-based royalty guidance, MSG Networks measures noncash consideration that it receives at fair value as the sale or usage occurs. For other arrangements, the MSG Networks segment measures the estimated fair value of the noncash consideration that it receives at contract inception. If the MSG Networks segment cannot reasonably estimate the fair value of the noncash consideration, the segment measures the fair value of the consideration indirectly by reference to the standalone selling price of the services promised to the customer in exchange for the consideration as revenues. Nonmonetary transactions for the MSG Networks segment are included in advertising costs, which are classified in selling, general and administrative expenses on the accompanying consolidated statements of operations, as noted above.

**I. Income Taxes**

The Company accounts for income taxes in accordance with Accounting Standard Codification ("ASC") Topic 740, *Income Taxes*. The Company's provision for income taxes is based on current period income, changes in deferred tax assets and liabilities, and changes in estimates with regard to uncertain tax positions. Deferred tax assets are subject to an ongoing assessment of realizability. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company's ability to realize its deferred tax assets depends upon the generation of sufficient future taxable income to allow for the realization of its deductible temporary differences. If such estimates and related assumptions change in the future, the Company may be required to record valuation allowances against its deferred tax assets, resulting in additional income tax expense in the Company's consolidated statements of operations.

Interest and penalties, if any, associated with uncertain tax positions are included in income tax expense.

**J. Share-based Compensation**

The Company measures the cost of employee services received in exchange for an award of equity-based instruments based on the grant date fair value of the award. Share-based compensation cost is recognized in earnings over the period during which an employee is required to provide service in exchange for the award, except for restricted stock units granted to non-employee directors which, unless otherwise provided under the applicable award agreement, are fully vested, and are expensed at the grant date.

The Company accounts for forfeitures as they occur, rather than estimating expected forfeitures.

**K. Earnings (Loss) Per Common Share**

Basic earnings per share ("EPS") attributable to the Company's common stockholders is based upon net income (loss) attributable to the Company's common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the effect of the assumed vesting of restricted stock units and exercise of stock options only in the periods in which such effect would have been dilutive through the application of the treasury stock method. For the periods when a net loss is reported, the computation of diluted EPS equals the basic EPS calculation since common stock equivalents would be antidilutive due

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to losses from continuing operations. Holders of Class A common stock and Class B common stock are entitled to receive dividends equally on a per-share basis if and when such dividends are declared. As the holders of Class A and Class B common stock are entitled to identical dividend and liquidation rights, the undistributed earnings are allocated on a proportionate basis to each class of common stock and the resulting basic and diluted net earnings (loss) per share attributable to common stockholders are, therefore, the same for both Class A and Class B common stock on both an individual and combined basis.

**L. Cash and Cash Equivalents**

The Company considers the balance of its investment in funds that substantially hold highly liquid securities that mature within three months or less from the date the fund purchases these securities to be cash equivalents. The carrying amount of cash and cash equivalents either approximates fair value due to the short-term maturity of these instruments or is at fair value. Checks outstanding in excess of related book balances are included in accounts payable, accrued, and other current liabilities in the accompanying consolidated balance sheets. The Company presents the change in these book cash overdrafts as cash flows from operating activities.

**M. Restricted Cash**

The Company's restricted cash includes cash deposited in escrow accounts. The Company has deposited cash in interest-bearing escrow accounts related to credit support, debt facilities, and collateral to its operating leases, workers compensation, and general liability insurance obligations.

The carrying amount of restricted cash approximates fair value due to the short-term maturity of these instruments.

**N. Short-Term Investments**

Short-term investments included investments that (i) had original maturities of greater than three months and (ii) the Company had the ability to convert into cash within one year.

**O. Accounts Receivable**

Accounts receivable is recorded at net realizable value. The Company maintains an allowance for credit losses to reserve for potentially uncollectible receivables. The allowance for credit losses is estimated based on the Company's consideration of credit risk and analysis of receivables aging, specific identification of certain receivables that are at risk of not being paid, past collection experience and other factors. The Company recognized an allowance of \$10 and \$171 as of June 30, 2024 and 2023, respectively.

**P. Investments**

The Company's investments are primarily accounted for using the equity method of accounting and are carried at cost, plus or minus the Company's share of net earnings or losses of the investment, subject to certain other adjustments. The cost of equity method investments includes transaction costs of the acquisition. As required by GAAP, to the extent that there is a basis difference between the cost and the underlying equity in the net assets of an equity investment, the Company allocates such differences between tangible and intangible assets. The Company's share of net earnings or losses of the investment, inclusive of amortization expense for intangible assets associated with the investment, is reflected in Other income (expense), net within the Company's consolidated statements of operations. Dividends received from the investee reduce the carrying amount of the investment. Due to the timing of receiving financial information from certain of its nonconsolidated affiliates, the Company records its share of net earnings or losses of such affiliates on a three-month lag basis, with the exception of the amortization expense of intangible assets which are recorded currently.

The Company elected the fair value option in accounting for the MSGE Retained Interest and as such, did not report the impact to the consolidated statements of operations on a lag for this investment. Initial recognition of this asset required measurement of an unrealized gain or loss when comparing the book value of the investment to fair value. As a result, the Company initially and subsequently measured and recorded changes in the fair value of the MSGE Retained Interest based upon the quoted market price of the MSGE stock on the New York Stock Exchange on a periodic basis within Other income (expense), net in the accompanying consolidated statements of operations. The Company sold the entirety of the MSGE Retained Interest as of September 30, 2023, and as a result, no longer holds any of the outstanding common stock of MSG Entertainment.

In addition to equity method investments, the Company also has other equity investments without readily determinable fair values. The Company measures equity investments without readily determinable fair values at cost, less any impairment, adjusted for observable price changes from orderly transactions for identical or similar investments of the same issuer. Changes in observable price are reflected within Other income (expense), net in the accompanying consolidated statements of operations.

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*Impairment of Investments*

The Company reviews its investments periodically to determine whether a decline in fair value below the cost basis is other-than-temporary. The primary factors the Company considers in its determination are the length of time that the fair value of the investment is below the Company's carrying value; future prospects of the investee; and the Company's intent and ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value. In addition, the Company considers other factors such as general market conditions, industry conditions, and analysts' ratings. If the decline in fair value is deemed to be other-than-temporary, the cost basis of the investment is written down to fair value and the loss is realized as a component of net income.

**Q. Property and Equipment and Other Long-Lived Assets**

Property and equipment and other long-lived assets, including amortizable intangible assets, are stated at cost or acquisition date fair value, if acquired. Expenditures for new facilities or equipment, and expenditures that extend the useful lives of existing facilities or equipment, are capitalized and recorded at cost. The useful lives of the Company's long-lived assets are based on estimates of the period over which the Company expects the assets to be of economic benefit to the Company. In estimating the useful lives, the Company considers factors such as, but not limited to, risk of obsolescence, anticipated use, plans of the Company, and applicable laws and permit requirements. Depreciation starts on the date when the asset is available for its intended use. Construction in progress assets are not depreciated until available for their intended use. Costs of maintenance and repairs are expensed as incurred.

The major categories of property and equipment are depreciated on a straight-line basis using the estimated lives indicated below:

|                        | <b>Estimated Useful Lives</b>                          |
|------------------------|--------------------------------------------------------|
| Buildings              | Up to 40 years                                         |
| Equipment              | 1 year to 30 years                                     |
| Furniture and fixtures | 1 year to 10 years                                     |
| Leasehold improvements | Shorter of term of lease or useful life of improvement |

Intangible assets with finite lives are amortized principally using the straight-line method over the following estimated useful lives:

|                         | <b>Estimated Useful Lives</b> |
|-------------------------|-------------------------------|
| Affiliate relationships | 24 years                      |
| Technology              | 5 years                       |
| Trade name              | 5 years                       |

**R. Goodwill**

See above (B. Business Combinations and Noncontrolling Interests) for the Company's accounting policy on how goodwill is measured at an acquisition date. Goodwill is not amortized.

**S. Impairment of Long-Lived Assets**

In assessing the recoverability of the Company's long-lived assets, the Company must make estimates and assumptions regarding future cash flows and other factors to determine the fair value of the respective assets. These estimates and assumptions could have a significant impact on whether an impairment charge is recognized and the magnitude of any such charge. Fair value estimates are made based on relevant information at a specific point in time, and are subjective in nature and involve significant uncertainties and judgments. If these estimates or assumptions change materially, the Company may be required to record impairment charges related to its long-lived assets.

Goodwill is tested annually for impairment as of August 31<sup>st</sup> and at any time upon the occurrence of certain events or changes in circumstances. The Company has the option to perform a qualitative assessment to determine if an impairment is more likely than not to have occurred. If the Company can support the conclusion that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company would not need to perform a quantitative impairment test for that reporting unit. If the Company cannot support such a conclusion or the Company does not elect to perform the qualitative assessment, the Company would identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill. The Company generally determines the fair value of a reporting unit using an income approach, such as the discounted cash flow method, or other acceptable valuation techniques, including the cost approach, in instances when it does not perform the qualitative assessment of goodwill. The amount of an impairment loss is measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

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For other long-lived assets, including property and equipment, right-of-use lease assets and intangible assets that are amortized, the Company evaluates assets for recoverability when there is an indication of potential impairment. If the undiscounted cash flows from a group of assets being evaluated are less than the carrying value of that group of assets, the fair value of the asset group is determined and the carrying value of the asset group is written down to fair value. The Company generally determines the fair value of a finite-lived intangible asset using an income approach, such as the discounted cash flow method.

See Note 8. Property and Equipment, Net and Note 11. Goodwill and Intangible Assets for further discussion.

**T. Leases**

The Company's leases primarily consist of a ground lease for the land on which the Sphere in Las Vegas has been constructed, corporate office space, storage, and office and other equipment. The Company determines whether an arrangement contains a lease at the inception of the arrangement. If a lease is determined to exist, the lease term is assessed based on the date when the underlying asset is made available by the lessor for the Company's use. The Company's assessment of the lease term reflects the non-cancellable term of the lease, inclusive of any rent-free periods and/or periods covered by early-termination options which the Company is reasonably certain not to exercise, as well as periods covered by renewal options which the Company is reasonably certain to exercise. The Company's lease agreements do not contain material residual value guarantees or material restrictive covenants.

The Company determines lease classification as either operating or finance at lease commencement, which governs the pattern of expense recognition and the presentation reflected in the consolidated statements of operations and statements of cash flows over the lease term.

For leases with a term exceeding 12 months, a lease liability is recorded on the Company's consolidated balance sheets at lease commencement reflecting the present value of the fixed minimum payment obligations over the lease term. A corresponding right-of-use ("ROU") asset equal to the initial lease liability is also recorded, adjusted for any prepaid rent and/or initial direct costs incurred in connection with execution of the lease and reduced by any lease incentives received. In addition, the ROU asset is adjusted to reflect any above or below market lease terms under acquired lease contracts.

The Company includes fixed payment obligations related to non-lease components in the measurement of ROU assets and lease liabilities, as the Company has elected to account for lease and non-lease components together as a single lease component. ROU assets associated with finance leases are presented separate from ROU assets associated with operating leases and are included within Property and equipment, net on the Company's consolidated balance sheets. For purposes of measuring the present value of the Company's fixed payment obligations for a given lease, the Company uses its incremental borrowing rate, determined based on information available at lease commencement, as rates implicit in the underlying leasing arrangements are typically not readily determinable. The Company's incremental borrowing rate reflects the rate it would pay to borrow on a secured basis and incorporates the term and economic environment surrounding the associated lease.

For operating leases, fixed lease payments are recognized as lease expense on a straight-line basis over the lease term. For finance leases, the initial ROU asset is depreciated on a straight-line basis over the lease term, along with recognition of interest expense associated with accretion of the lease liability, which is ultimately reduced by the related fixed payments. For leases with a term of 12 months or less ("short-term leases"), any fixed lease payments are recognized on a straight-line basis over the lease term and are not recognized on the consolidated balance sheets. Variable lease costs for both operating and finance leases, if any, are recognized as incurred and such costs are excluded from lease balances recorded on the consolidated balance sheets.

**U. Interest Capitalization**

For significant long term construction projects and immersive content productions, the Company begins to capitalize qualified interest cost once activities necessary to get the asset ready for its intended use have commenced. The Company calculates qualified interest capitalization using the average amount of accumulated expenditures during the period the asset is being prepared for its intended use and a capitalization rate which is derived from the Company's weighted average borrowing rate during such time, in the absence of specific borrowings related to the significant long term construction projects. The Company ceases capitalization on any portions substantially completed and ready for their intended use.

**V. Contingencies**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

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**W. Contingent Consideration**

Some of the Company's acquisition agreements may include contingent earn-out arrangements, which are generally based on the achievement of future operating targets.

The fair values of these earn-out arrangements are included as part of the purchase price of the acquired companies on their respective acquisition dates. For each transaction, the Company estimates the fair value of contingent earn-out payments as part of the initial purchase price and records the estimated fair value of contingent consideration that the Company expects to pay to the former owners as a liability in Accrued and other current liabilities and Other liabilities on the consolidated balance sheets.

The Company measures its contingent earn-out liabilities at fair value on a recurring basis using significant unobservable inputs classified within Level III of the fair value hierarchy, which can result in a significantly higher or lower liability with a higher liability capped by the contractual maximum of the contingent earn-out obligation. Ultimately, the liability will be equivalent to the amount paid, and the difference between the fair value estimate and amount paid will be recorded in earnings as operating expense.

**X. Defined Benefit Pension Plans and Other Postretirement Benefit Plan**

Prior to the MSGE Distribution, the Company sponsored certain employee benefit pension plans and postretirement plans. On the MSGE Distribution Date, the sponsorship of certain of these plans were transferred to MSG Entertainment. The Company accounts for the transferred defined benefit pension plans under the guidance of ASC Topic 715, *Compensation — Retirement Benefits*. Accordingly, for the defined benefit pension plan liabilities prior to the MSGE Distribution Date, the consolidated financial statements reflected the full impact of such transferred plans on both the consolidated statements of operations and consolidated balance sheets (presented within discontinued operations) and the Company recorded an asset or liability of discontinued operations to recognize the funded status of the defined benefit pension plans (other than multiemployer plans), as well as a liability of discontinued operations only for any required contributions to the defined benefit pension plans that were accrued and unpaid at the balance sheet date. The related pension expenses attributed to the Company were based primarily on pension-eligible compensation of active participants.

After the MSGE Distribution Date, the Company has both remaining funded and unfunded defined benefit plans. The expense recognized by the Company is determined using certain assumptions, including the expected long-term rate of return and discount rates, among others. The Company recognizes the funded status of its defined benefit pension plans (other than multiemployer plans) and the other postretirement benefit plan as an asset or liability in the consolidated balance sheets and recognizes changes in the funded status in the year in which the changes occur through other comprehensive income (loss).

Actuarial gains and losses that have not yet been recognized through the consolidated statements of operations are recorded in accumulated other comprehensive income (loss) until they are amortized as a component of net periodic benefit cost through other comprehensive income (loss).

See Note 14. Pension Plans and Other Postretirement Benefit Plan for further discussion.

**Y. Fair Value Measurements**

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

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

**Z. Foreign Currency Translations**

The consolidated financial statements are presented in U.S. Dollars. Assets and liabilities of non-U.S. subsidiaries and the Company's foreign-based equity method investments that operate in a local currency environment, where that local currency is the functional currency, are translated to U.S. Dollars at exchange rates in effect at the balance sheet date. Operating results of non-U.S. subsidiaries are translated at weighted-average exchange rates during the year which approximate the rates in effect at the transaction dates. For the Company's foreign-based equity method investments, the proportionate share of the investee's income is translated into U.S. dollars at the average exchange rate for the period and the investment is translated using the exchange rate as of the end of the reporting period.

**SPHERE ENTERTAINMENT CO.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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Foreign currency translation gains and losses are included as a component of accumulated other comprehensive income (loss) as changes in cumulative translation adjustments in the accompanying consolidated balance sheets.

**AA. Concentrations of Risk**

Financial instruments that may potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are invested in U.S. treasury bills, money market accounts and time deposits. The Company monitors the financial institutions and money market funds where it invests its cash and cash equivalents with diversification among counterparties to mitigate exposure to any single financial institution. The Company's emphasis is primarily on safety of principal and liquidity, and secondarily on maximizing the yield on its investments.

**BB. Liquidity and Going Concern**

As of the date the accompanying consolidated financial statements were issued (the "issuance date"), management evaluated the presence of the following conditions and events at the Company in accordance with Accounting Standards Update ("ASU") No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Subtopic 205-40):

As of June 30, 2024, the Company's unrestricted cash and cash equivalents balance was \$559,757, as compared to \$680,575 as of March 31, 2024. Included in unrestricted cash and cash equivalents as of June 30, 2024 was (1) \$72,619 in advance cash proceeds primarily from ticket sales, a majority of which the Company expects to pay to artists and promoters, and (2) \$117,807 of cash and cash equivalents at MSG Networks, which is not available for distribution to the Company in order to maintain compliance with the covenants under the MSG Networks Credit Facilities (as defined below) (which, for the avoidance of doubt, remain available to be used in connection with the work-out of such facilities as discussed below). In addition, as of June 30, 2024, the Company had \$417,087 of accounts payable, accrued and other current liabilities, including \$156,234 of capital expenditure accruals primarily related to Sphere construction (a significant portion of which is in dispute and which the Company does not expect to pay).

Our primary sources of liquidity are cash and cash equivalents and cash flows from the operations of our businesses. The Company's uses of cash over the next 12 months beyond the issuance date and thereafter are expected to be substantial and include working capital-related items (including funding our operations), capital spending (including the creation of additional original content for Sphere), required debt service payments, payments we expect MSG Networks to make in connection with the work-out of its indebtedness, and investments and related loans and advances that we may fund from time to time. We may also use cash to repurchase our common stock. Our decisions as to the use of our available liquidity will be based upon the ongoing review of the funding needs of our businesses, the optimal allocation of cash resources, and the timing of cash flow generation. To the extent that we desire to access alternative sources of funding through the capital and credit markets, market conditions could adversely impact our ability to do so at that time.

Our ability to have sufficient liquidity to fund our operations and refinance our indebtedness is dependent on the ability of Sphere to generate significant positive cash flow. Although Sphere has been embraced by guests, artists, promoters, advertisers and marketing partners, and we anticipate that Sphere will generate substantial revenue and adjusted operating income on an annual basis over time, there can be no assurance that guests, artists, promoters, advertisers and marketing partners will continue to embrace this new platform. Original immersive productions, such as *Postcard From Earth*, have not been previously pursued on the scale of Sphere, which increases the uncertainty of our operating expectations. To the extent that our efforts do not result in viable shows, or to the extent that any such productions do not achieve expected levels of popularity among audiences, we may not generate the cash flows from operations necessary to fund our operations. To the extent we do not realize expected cash flows from operations from Sphere, we would have to take several actions to improve our financial flexibility and preserve liquidity, including significant reductions in both labor and non-labor expenses as well as reductions and/or deferrals in capital spending. Therefore, while we currently believe we will have sufficient liquidity from cash and cash equivalents and cash flows from operations (including expected cash flows from operations from Sphere) to fund our operations and, at a minimum, make a required quarterly amortization payment of \$20,625 on the MSG Networks Credit Facilities, as described below, no assurance can be provided that our liquidity will be sufficient in the event any of the preceding uncertainties facing Sphere are realized over the next 12 months beyond the issuance date.

The principal balance of the Company's total debt outstanding as of June 30, 2024 was \$1,383,500, including \$849,750 of debt under the MSG Networks Credit Facilities which is classified as short-term on the consolidated balance sheets. Prior to maturity of the MSG Networks Credit Facilities in October 2024, MSG Networks expects to make a \$20,625 required quarterly amortization payment on the MSG Networks Credit Facilities. The remaining outstanding borrowings under the MSG Networks Credit Facilities of \$829,125 are scheduled to mature in October 2024, which is within one year of the issuance date. However, MSG Networks will be unable to generate sufficient operating cash flows prior to the maturity to settle the remaining outstanding borrowings under the MSG Networks Credit Facilities when they become due absent action taken by management to refinance the outstanding borrowings.

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As of the issuance date, MSG Networks has not been able to finalize refinancing the MSG Networks Credit Facilities with its existing syndicate of lenders. Consequently, MSG Networks has decided to pursue a work-out of the MSG Networks Credit Facilities with its existing syndicate of lenders. The Company has been advised that a cash equity contribution from Sphere Entertainment Group, LLC (“Sphere Entertainment Group”) to MSG Networks will be required in connection with a work-out. If a contribution is made, it is not expected to adversely impact Sphere Entertainment Co.’s ability to fund its operations.

As disclosed in Note 13. Credit Facilities and Convertible Notes, all of the outstanding borrowings under the MSG Networks Credit Facilities are guaranteed by the MSGN Guarantors (as defined under Note 13. Credit Facilities and Convertible Notes) and secured by the MSGN Collateral (as defined under Note 13. Credit Facilities and Convertible Notes). In the event MSG Networks is unable to successfully refinance the MSG Networks Credit Facilities through a work-out or otherwise, the lenders could exercise their remedies under the MSG Networks Credit Facilities, which would include, but not be limited to, declaring an event of default and foreclosing on the MSGN Collateral. MSG Networks and its subsidiaries could also seek bankruptcy protection prior to the lenders exercising their rights under the MSG Networks Credit Facilities. However, as of the issuance date, MSG Networks and its subsidiaries do not intend to seek such bankruptcy protection. Sphere Entertainment Co., Sphere Entertainment Group and the subsidiaries of Sphere Entertainment Group (collectively, the “Non-Credit Parties”) are not legally obligated to fund the outstanding borrowings under the MSG Networks Credit Facilities, nor are the assets of the Non-Credit Parties pledged as security under the MSG Networks Credit Facilities. In the event of an exercise of post-default rights and remedies, the Company believes the lenders would have no remedies or recourse against the Non-Credit Parties pursuant to the terms of the MSG Networks Credit Facilities. While this condition raises substantial doubt about the Company’s ability to continue as a going concern, for the reasons stated above, we have concluded this condition has been effectively alleviated as of the issuance date by the lenders’ right to foreclose only on the MSGN Collateral.

**CC. Recently Issued and Adopted Accounting Pronouncements**

*Recently Issued Accounting Pronouncements*

In November 2023, the Financial Accounting Standards Board (the “FASB”) issued ASU No. 2023-07, *Improvement to Reportable Segment Disclosures*. This ASU aims to improve segment disclosures through enhanced disclosures about significant segment expenses. The standard requires disclosure of significant expense categories and amounts for such expenses, including those segment expenses that are regularly provided to the chief operating decision maker, easily computable from information that is regularly provided, or significant expenses that are expressed in a form other than actual amounts. With the upcoming change in the Company’s fiscal year end, this standard will be effective for the six month period ending December 31, 2024 and is required to be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact of the additional disclosure requirements on the Company’s consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, a final standard on improvements to income tax disclosures which applies to all entities subject to income taxes. The standard requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be helpful to understand an entity’s exposure to potential changes in jurisdictional tax legislation and the ensuing risks and opportunities, assess income tax information that affects cash flow forecasts and capital allocation decisions, and identify potential opportunities to increase future cash flows. With the upcoming change in the Company’s fiscal year end, this standard will be effective for the Company for the annual period beginning January 1, 2025 and should be applied prospectively. The Company is currently evaluating the impact of the additional disclosure requirements on the Company’s consolidated financial statements.

**Note 3. Discontinued Operations**

***MSG Entertainment***

On April 20, 2023, the Company completed the MSGE Distribution. The Company analyzed the quantitative and qualitative factors relevant to the MSGE Distribution and determined that the conditions for discontinued operations presentation were met during the fourth quarter of Fiscal Year 2023. As such, the results of the MSG Entertainment business previously owned and operated by the Company through its MSG Entertainment business segment, as well as transaction costs related to the MSGE Distribution, have been classified in the accompanying consolidated financial statements as discontinued operations for all periods presented. No impairment loss was recognized in connection with the reclassification to discontinued operations and no gain or loss was recognized in connection with the MSGE Distribution.

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Indirect corporate and administrative costs do not qualify for discontinued operations presentation, and these costs are included in continuing operations for all periods presented through April 20, 2023. After the MSGE Distribution Date, these corporate and administrative services are provided to the Company by MSG Entertainment under a Transition Services Agreement (“MSGE TSA”), with the related costs included in continuing operations from April 21, 2023 through June 30, 2023. As noted above, results from continuing operations, prior to the MSGE Distribution Date, include certain corporate overhead expenses that the Company did not incur in the period after the completion of the MSGE Distribution, and the Company does not expect to incur such expenses in future periods.

***Tao Group Hospitality***

On May 3, 2023, the Company completed the Tao Group Hospitality Disposition. The Company analyzed the quantitative and qualitative factors relevant to the Tao Group Hospitality Disposition and determined that the criteria to classify the assets and liabilities of Tao Group Hospitality as held for sale, along with the related operations as a discontinued operation, had been satisfied as of the third quarter of Fiscal Year 2023. As such, the historical financial results of the Tao Group Hospitality segment have been reflected in the accompanying consolidated financial statements as discontinued operations for all periods presented. In connection with the Tao Group Hospitality Disposition, the Company recognized a loss, net of taxes, of \$23,984 as a result of a change in estimate and a gain of \$212,857, net of taxes of \$1,020, for Fiscal Years 2024 and 2023, respectively, which are presented as income from discontinued operations.

The tables below sets forth, for the periods presented, the operating results of the disposal groups. Amounts presented below differ from historically reported results for the MSG Entertainment and Tao Group Hospitality business segments in order to reflect discontinued operations presentation.

|                                                                                                 | Year Ended June 30, 2023 |                          |                             |              |
|-------------------------------------------------------------------------------------------------|--------------------------|--------------------------|-----------------------------|--------------|
|                                                                                                 | MSG<br>Entertainment     | Tao Group<br>Hospitality | Eliminations <sup>(a)</sup> | Total        |
| Revenues                                                                                        | \$ 731,299               | \$ 447,929               | \$ (1,761)                  | \$ 1,177,467 |
| Direct operating expenses                                                                       | (421,440)                | (263,200)                | 1,371                       | (683,269)    |
| Selling, general, and administrative expenses                                                   | (119,032)                | (151,271)                | (195)                       | (270,498)    |
| Depreciation and amortization                                                                   | (49,423)                 | (23,236)                 | —                           | (72,659)     |
| Impairment and other gains, net                                                                 | 4,361                    | 473                      | —                           | 4,834        |
| Restructuring charges                                                                           | (7,435)                  | —                        | —                           | (7,435)      |
| Operating income                                                                                | 138,330                  | 10,695                   | (585)                       | 148,440      |
| Interest income                                                                                 | 2,880                    | 149                      | —                           | 3,029        |
| Interest expense                                                                                | (1,031)                  | (2,551)                  | —                           | (3,582)      |
| Other income, net                                                                               | 11,456                   | 665                      | —                           | 12,121       |
| Income from discontinued operations before income taxes                                         | 151,635                  | 8,958                    | (585)                       | 160,008      |
| Income tax expense                                                                              | (5,517)                  | (33,695)                 | —                           | (39,212)     |
| Income (loss) from discontinued operations, net of taxes                                        | 146,118                  | (24,737)                 | (585)                       | 120,796      |
| Gain on disposal before income taxes                                                            | —                        | 213,877                  | —                           | 213,877      |
| Income tax expense                                                                              | —                        | (1,020)                  | —                           | (1,020)      |
| Gain on disposal, net of taxes                                                                  | —                        | 212,857                  | —                           | 212,857      |
| Net income from discontinued operations                                                         | 146,118                  | 188,120                  | (585)                       | 333,653      |
| Less: Net income attributable to redeemable noncontrolling interests                            | —                        | 3,925                    | —                           | 3,925        |
| Less: Net loss attributable to nonredeemable noncontrolling interests                           | (553)                    | (464)                    | —                           | (1,017)      |
| Net income from discontinued operations attributable to Sphere Entertainment Co.’s stockholders | \$ 146,671               | \$ 184,659               | \$ (585)                    | \$ 330,745   |

**SPHERE ENTERTAINMENT CO.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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|                                                                                                        | Year Ended June 30, 2022 |                          |                             |                    |
|--------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|-----------------------------|--------------------|
|                                                                                                        | MSG<br>Entertainment     | Tao Group<br>Hospitality | Eliminations <sup>(a)</sup> | Total              |
| Revenues                                                                                               | \$ 632,612               | \$ 484,649               | \$ (2,698)                  | \$ 1,114,563       |
| Direct operating expenses                                                                              | (417,108)                | (270,728)                | 2,077                       | (685,759)          |
| Selling, general, and administrative expenses                                                          | (110,288)                | (154,923)                | —                           | (265,211)          |
| Depreciation and amortization                                                                          | (69,564)                 | (32,503)                 | —                           | (102,067)          |
| Impairment and other gains, net                                                                        | —                        | 2,800                    | —                           | 2,800              |
| Restructuring charges                                                                                  | (1,286)                  | —                        | —                           | (1,286)            |
| Operating income                                                                                       | 34,366                   | 29,295                   | (621)                       | 63,040             |
| Interest income                                                                                        | 612                      | 23                       | —                           | 635                |
| Interest expense                                                                                       | (25,453)                 | (1,702)                  | —                           | (27,155)           |
| Other expense, net                                                                                     | (84,690)                 | (82)                     | —                           | (84,772)           |
| (Loss) income from operations before income taxes                                                      | (75,165)                 | 27,534                   | (621)                       | (48,252)           |
| Income tax benefit (expense)                                                                           | 14,069                   | (18,114)                 | —                           | (4,045)            |
| Net (loss) income                                                                                      | (61,096)                 | 9,420                    | (621)                       | (52,297)           |
| Less: Net income attributable to redeemable noncontrolling interests                                   | —                        | 7,739                    | —                           | 7,739              |
| Less: Net loss attributable to nonredeemable noncontrolling interests                                  | (2,864)                  | (627)                    | —                           | (3,491)            |
| Net (loss) income from discontinued operations attributable to Sphere Entertainment Co.'s stockholders | <u>\$ (58,232)</u>       | <u>\$ 2,308</u>          | <u>\$ (621)</u>             | <u>\$ (56,545)</u> |

(a) Prior to the MSGE Distribution and Tao Group Hospitality Disposition, the Company's consolidated results of operations included a number of intercompany transactions between MSG Entertainment and Tao Group Hospitality which were presented in the Company's segment reporting disclosures. As such, these transactions are eliminated for purposes of this disclosure as they will not continue in periods subsequent to the MSGE Distribution and Tao Group Hospitality Disposition, respectively.

As permitted under ASC Subtopic 205-20-50-5b(2), the Company has elected not to adjust the consolidated statements of cash flows for the years ended June 30, 2024, 2023 and 2022 to exclude cash flows attributable to discontinued operations. The table below sets forth, for the periods presented, significant selected financial information related to discontinued activities included in the accompanying consolidated financial statements:

|                                                     | 2023                 |                                         | 2022                 |                          |
|-----------------------------------------------------|----------------------|-----------------------------------------|----------------------|--------------------------|
|                                                     | MSG<br>Entertainment | Tao Group<br>Hospitality <sup>(a)</sup> | MSG<br>Entertainment | Tao Group<br>Hospitality |
| Non-cash items included in net income (loss):       |                      |                                         |                      |                          |
| Depreciation and amortization                       | \$ 49,423            | \$ 23,236                               | \$ 69,564            | \$ 32,503                |
| Impairments and other gains, net                    | (4,361)              | (214,350)                               | —                    | (2,800)                  |
| Share-based compensation expense                    | 4,710                | 7,224                                   | 8,480                | 7,647                    |
| Cash flow from investing activities:                |                      |                                         |                      |                          |
| Capital expenditures, net                           | 12,832               | 17,488                                  | 15,797               | 23,309                   |
| Non-cash investing activities:                      |                      |                                         |                      |                          |
| Capital expenditures incurred but not yet paid      | 780                  | 817                                     | 1,585                | 119                      |
| Investments and loans to nonconsolidated affiliates | —                    | 113                                     | —                    | 791                      |

(a) Impairments and other gains, net is inclusive of gain on Tao Disposition.

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**(Continued)**

**Note 4. Revenue Recognition**

For Fiscal Years 2024, 2023 and 2022, all revenue recognized in the consolidated statements of operations is considered to be revenue from contracts with customers in accordance with ASC Topic 606 — *Revenue From Contracts with Customers*, except for revenues from sublease arrangements as disclosed below. In Fiscal Years 2024, 2023, 2022, the Company did not have any material provisions for credit losses on receivables or contract assets arising from contracts with customers.

*Sphere Segment*

The Sphere segment earns revenue primarily from ticket sales to our audiences for The Sphere Experience, license fees for our venue paid by third-party promoters or licensees in connection with events that we do not produce or promote/co-promote, sponsorships and signage, advertising on the Exosphere, suite license fees at Sphere, facility and ticketing fees, concessions, and the sale of merchandise.

*MSG Networks Segment*

The MSG Networks segment generates revenues principally from distribution fees, as well as from the sale of advertising. Distribution revenue includes both affiliation fee revenue earned from fees charged to cable, satellite, fiber-optic and other platforms (“Distributors”) for the right to carry the Company’s networks as well as revenue earned from subscriptions and single game purchases on MSG+, the Company’s DTC and authenticated streaming product. Advertising revenue is largely derived from the sale of inventory in MSG Networks’ live professional sports programming, and as such, a significant share of this revenue has historically been earned in the second and third fiscal quarters. The performance obligation under affiliation agreements with Distributors is satisfied as MSG Networks provides its programming over the term of the agreement. Media related revenue as presented below includes both distribution revenue earned from Distributors for the right to carry the Company’s networks as well as revenue earned from subscriptions and single game purchases on MSG+.

Substantially all of MSG Networks’ affiliation agreements are sales-based and usage-based royalty arrangements; revenue is recognized as the sale or usage occurs. The transaction price is represented by affiliation fees that are generally based upon contractual rates applied to the number of the Distributor’s subscribers who receive or can receive MSG Networks programming. Such subscriber information is generally not received until after the close of the reporting period, and in these cases, the Company estimates the number of subscribers. Historical adjustments to recorded estimates have not been material.

The MSG Networks segment also generates advertising revenue primarily through the sale of commercial time and other advertising inventory during its live professional sports programming. In general, these advertising arrangements either do not exceed one year or are primarily multi-year media banks, the elements of which are agreed upon each year. Advertising revenue is recognized as advertising is aired. In certain advertising arrangements, the Company guarantees specified viewer ratings for its programming. In such cases, the promise to deliver the guaranteed viewer ratings by airing the advertising represents MSG Networks’ performance obligation. A contract liability is recognized as deferred revenue to the extent any guaranteed viewer ratings are not met. This permits the customer to exercise a contractual right for additional advertising time. The related deferred revenue is subsequently recognized as revenue either when MSG Networks provides the required additional advertising time, or additional performance requirements become remote, which may be at the time the guarantee obligation contractually expires.

**Disaggregation of Revenue**

The following tables disaggregate the Company’s revenue by major source and reportable segment based upon the timing of transfer of goods or services to the customer for Fiscal Years 2024, 2023 and 2022:

|                                                                                | Year Ended June 30, 2024 |              |              |
|--------------------------------------------------------------------------------|--------------------------|--------------|--------------|
|                                                                                | Sphere                   | MSG Networks | Total        |
| Event-related <sup>(a)</sup>                                                   | \$ 420,327               | \$ —         | \$ 420,327   |
| Sponsorship, signage, Exosphere advertising, and suite licenses <sup>(b)</sup> | 68,876                   | 2,178        | 71,054       |
| Media related, primarily from affiliation agreements <sup>(b)</sup>            | —                        | 521,611      | 521,611      |
| Other                                                                          | 4,928                    | 5,941        | 10,869       |
| Total revenues from contracts with customers                                   | \$ 494,131               | \$ 529,730   | \$ 1,023,861 |
| Revenues from subleases                                                        | 3,028                    | —            | 3,028        |
| Total revenues                                                                 | \$ 497,159               | \$ 529,730   | \$ 1,026,889 |

**SPHERE ENTERTAINMENT CO.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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|                                                                                | Year Ended June 30, 2023 |              |            |
|--------------------------------------------------------------------------------|--------------------------|--------------|------------|
|                                                                                | Sphere                   | MSG Networks | Total      |
| Sponsorship, signage, Exosphere advertising, and suite licenses <sup>(b)</sup> | \$ —                     | \$ 6,990     | \$ 6,990   |
| Media related, primarily from affiliation agreements <sup>(b)</sup>            | —                        | 558,362      | 558,362    |
| Other                                                                          | —                        | 5,869        | 5,869      |
| Total revenues from contracts with customers                                   | \$ —                     | \$ 571,221   | \$ 571,221 |
| Revenues from subleases                                                        | 2,610                    | —            | 2,610      |
| Total revenues                                                                 | \$ 2,610                 | \$ 571,221   | \$ 573,831 |

|                                                                                | Year Ended June 30, 2022 |              |            |
|--------------------------------------------------------------------------------|--------------------------|--------------|------------|
|                                                                                | Sphere                   | MSG Networks | Total      |
| Sponsorship, signage, Exosphere advertising, and suite licenses <sup>(b)</sup> | \$ —                     | \$ 6,470     | \$ 6,470   |
| Media related, primarily from affiliation agreements <sup>(b)</sup>            | —                        | 596,032      | 596,032    |
| Other                                                                          | —                        | 5,653        | 5,653      |
| Total revenues from contracts with customers                                   | \$ —                     | \$ 608,155   | \$ 608,155 |
| Revenues from subleases                                                        | 1,900                    | —            | 1,900      |
| Total revenues                                                                 | \$ 1,900                 | \$ 608,155   | \$ 610,055 |

(a) Event-related revenues consists of (i) ticket sales and other revenue directly related to the exhibition of the Sphere Experience, (ii) ticket sales and other ticket-related revenues to other events at our venue, (iii) venue license fees from third-party promoters, and (iv) food, beverage and merchandise sales. Event-related revenues are recognized at a point in time. As such, these revenues have been included in the same category in the table above.

(b) See Note 2. Summary of Significant Accounting Policies, Revenue Recognition, for further details on the pattern of recognition of sponsorship signage, Exosphere advertising, suite licenses, and media related revenue.

In addition to the disaggregation of the Company's revenue by major source based upon the timing of transfer of goods or services to the customer disclosed above, the following tables disaggregate the Company's consolidated revenues by type of goods or services in accordance with the required entity-wide disclosure requirements of ASC Subtopic 280-10-50-38 to 40 and the disaggregation of revenue required disclosures in accordance with ASC Subtopic 606-10-50-5 for Fiscal Years 2024, 2023 and 2022.

|                                                                 | Year Ended June 30, 2024 |              |              |
|-----------------------------------------------------------------|--------------------------|--------------|--------------|
|                                                                 | Sphere                   | MSG Networks | Total        |
| Ticketing and venue license fee revenues <sup>(a)</sup>         | \$ 340,256               | \$ —         | \$ 340,256   |
| Sponsorship, signage, Exosphere advertising, and suite revenues | 87,173                   | —            | 87,173       |
| Food, beverage and merchandise revenues                         | 66,702                   | —            | 66,702       |
| Media networks revenues <sup>(b)</sup>                          | —                        | 529,730      | 529,730      |
| Total revenues from contracts with customers                    | \$ 494,131               | \$ 529,730   | \$ 1,023,861 |
| Revenues from subleases                                         | 3,028                    | —            | 3,028        |
| Total revenues                                                  | \$ 497,159               | \$ 529,730   | \$ 1,026,889 |

|                                        | Year Ended June 30, 2023 |              |            |
|----------------------------------------|--------------------------|--------------|------------|
|                                        | Sphere                   | MSG Networks | Total      |
| Media networks revenues <sup>(b)</sup> | \$ —                     | \$ 571,221   | \$ 571,221 |
| Revenues from subleases                | 2,610                    | —            | 2,610      |
| Total revenues                         | \$ 2,610                 | \$ 571,221   | \$ 573,831 |

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|                                        | Year Ended June 30, 2022 |                   |                   |
|----------------------------------------|--------------------------|-------------------|-------------------|
|                                        | Sphere                   | MSG Networks      | Total             |
| Media networks revenues <sup>(b)</sup> | \$ —                     | \$ 608,155        | \$ 608,155        |
| Revenues from subleases                | 1,900                    | —                 | 1,900             |
| Total revenues                         | <u>\$ 1,900</u>          | <u>\$ 608,155</u> | <u>\$ 610,055</u> |

(a) Amounts include ticket sales, other ticket-related revenue, and venue license fees from the Company's events such as (i) concerts, (ii) The Sphere Experience and (iii) other live entertainment and sporting events.

(b) Primarily consists of affiliation fees from Distributors (as defined above) and, to a lesser extent, advertising revenues through the sale of commercial time and other advertising inventory during MSG Networks programming.

**Contract Balances**

The following table provides information about contract balances from the Company's contracts with customers as of June 30, 2024, 2023 and 2022.

|                                                                | As of June 30, |            |            |
|----------------------------------------------------------------|----------------|------------|------------|
|                                                                | 2024           | 2023       | 2022       |
| Receivables from contracts with customers, net <sup>(a)</sup>  | \$ 228,230     | \$ 115,039 | \$ 124,319 |
| Contract assets, current <sup>(b)</sup>                        | 1,500          | 314        | —          |
| Contract assets, non-current <sup>(b)</sup>                    | 907            | —          | 756        |
| Deferred revenue, including non-current portion <sup>(c)</sup> | 97,151         | 27,397     | 4,413      |

(a) As of June 30, 2024, 2023 and 2022 the Company's receivables from contracts with customers above included \$0, \$2,730, and \$992, respectively, related to various related parties. See Note 18. Related Party Transactions for further details on these related party arrangements.

(b) Contract assets current, which are reported as Prepaid expenses and other current assets in the Company's consolidated balance sheets, primarily relate to the Company's rights to consideration for goods or services transferred to customers, for which the Company does not have an unconditional right to bill as of the reporting date. Contract assets are transferred to accounts receivable once the Company's right to consideration becomes unconditional.

(c) Revenue recognized for Fiscal Year 2024 relating to the deferred revenue balance as of June 30, 2023 was \$21,946.

**Transaction Price Allocated to the Remaining Performance Obligations**

The following table depicts the estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of June 30, 2024. This primarily relates to performance obligations under sponsorship agreements that have original expected durations longer than one year and for which the respective consideration is not variable. In developing the estimated revenue, the Company applies the allowable practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

|                                  | As of<br>June 30, 2024 |
|----------------------------------|------------------------|
| Fiscal year ending June 30, 2025 | \$ 56,548              |
| Fiscal year ending June 30, 2026 | 37,016                 |
| Fiscal year ending June 30, 2027 | 16,244                 |
| Fiscal year ending June 30, 2028 | 4,696                  |
| Fiscal year ending June 30, 2029 | 683                    |
|                                  | <u>\$ 115,187</u>      |

**Note 5. Restructuring Charges**

During Fiscal Year 2024, the Company incurred costs for termination benefits for certain executives and employees in the Sphere segment. As a result, the Company recognized restructuring charges of \$9,486, inclusive of \$1,166 of share-based compensation expenses, which were recorded in Accounts payable, accrued and other current liabilities and Additional paid-in capital on the consolidated balance sheets.

During Fiscal Years 2023 and 2022, the Company incurred costs of \$27,924, inclusive of \$8,118 of share-based compensation expenses, and \$13,404, inclusive of 4,254 of share-base compensation expenses, respectively, as a result of the Company's cost reduction program implemented, which were recorded in Accounts payable, accrued and other current liabilities and Additional paid-in capital on the consolidated balance sheets.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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Changes to the Company's restructuring liability through June 30, 2024 were as follows:

|                                                                    | <b>Restructuring<br/>Liability</b> |
|--------------------------------------------------------------------|------------------------------------|
| <b>June 30, 2023</b>                                               | <b>\$ 8,891</b>                    |
| Restructuring charges (excluding share-based compensation expense) | 8,320                              |
| Payments                                                           | (16,740)                           |
| <b>June 30, 2024</b>                                               | <b>\$ 471</b>                      |

**Note 6. Computation of (loss) earnings per-share**

The following table presents a reconciliation of weighted-average shares used in the calculations of basic and diluted (loss) earnings per common share attributable to Sphere Entertainment Co.'s stockholders.

|                                                                                                    | <b>Years Ended June 30,</b> |                   |                    |
|----------------------------------------------------------------------------------------------------|-----------------------------|-------------------|--------------------|
|                                                                                                    | <b>2024</b>                 | <b>2023</b>       | <b>2022</b>        |
| <b>Net (loss) income available to Sphere Entertainment Co.'s stockholders (numerator):</b>         |                             |                   |                    |
| (Loss) income from continuing operations                                                           | \$ (224,633)                | \$ 172,027        | \$ (137,850)       |
| Income (loss) from discontinued operations, net of taxes                                           | \$ 23,984                   | \$ 333,653        | \$ (52,297)        |
| Less: Net income attributable to redeemable noncontrolling interests from discontinued operations  | —                           | 3,925             | 7,739              |
| Less: Net loss attributable to nonredeemable noncontrolling interests from discontinued operations | —                           | (1,017)           | (3,491)            |
| Net (loss) income attributable to discontinued operations per statement of operations              | 23,984                      | 330,745           | (56,545)           |
| Adjustment of redeemable noncontrolling interest to redemption value from discontinued operations  | —                           | —                 | (3,173)            |
| Net (loss) income attributable to discontinued operations for EPS:                                 | <u>\$ 23,984</u>            | <u>\$ 330,745</u> | <u>\$ (59,718)</u> |
| <b>Weighted-average shares (denominator):</b>                                                      |                             |                   |                    |
| Weighted-average shares for basic EPS                                                              | 35,301                      | 34,651            | 34,255             |
| Dilutive effect of shares issuable under share-based compensation plans <sup>(a)</sup>             | —                           | 278               | —                  |
| Weighted-average shares for diluted EPS                                                            | <u>35,301</u>               | <u>34,929</u>     | <u>34,255</u>      |
| Weighted-average anti-dilutive shares <sup>(a)</sup>                                               | —                           | 800               | —                  |
| <b>Basic (loss) earnings per common share</b>                                                      |                             |                   |                    |
| Continuing operations                                                                              | \$ (6.36)                   | \$ 4.96           | \$ (4.02)          |
| Discontinued operations                                                                            | \$ 0.68                     | \$ 9.55           | \$ (1.75)          |
| Basic (loss) earnings per common share attributable to Sphere Entertainment Co.'s stockholders     | \$ (5.68)                   | \$ 14.51          | \$ (5.77)          |
| <b>Diluted (loss) earnings per common share</b>                                                    |                             |                   |                    |
| Continuing operations                                                                              | \$ (6.36)                   | \$ 4.93           | \$ (4.02)          |
| Discontinued operations                                                                            | \$ 0.68                     | \$ 9.47           | \$ (1.75)          |
| Diluted (loss) earnings per common share attributable to Sphere Entertainment Co.'s stockholders   | \$ (5.68)                   | \$ 14.40          | \$ (5.77)          |

<sup>(a)</sup> For Fiscal Years 2024 and 2022, all restricted stock units and stock options were excluded from the above table because the Company reported a net loss for the period presented, and therefore, their impact on reported loss per share would have been antidilutive.

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**Note 7. Investments**

The Company's investments in nonconsolidated affiliates are included within Investments in the accompanying consolidated balance sheets and consisted of the following:

|                                                                                                                                                      | Investment Ownership Percentage as of June 30, 2024 | Investment As of June 30, |                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------|-------------------|
|                                                                                                                                                      |                                                     | 2024                      | 2023              |
| Equity method investments:                                                                                                                           |                                                     |                           |                   |
| SACO Technologies Inc. ("SACO")                                                                                                                      | 30%                                                 | \$ 18,342                 | \$ 22,246         |
| Crown Properties Collection LLC ("CPC")                                                                                                              | 8%                                                  | 60                        | —                 |
| Gotham Advanced Media and Entertainment, LLC ("GAME")                                                                                                | 50%                                                 | 680                       | —                 |
| Holoplot Loan <sup>(a)</sup>                                                                                                                         |                                                     | —                         | 20,971            |
| Holoplot                                                                                                                                             | —%                                                  | —                         | 1,542             |
| MSG Entertainment <sup>(b)</sup>                                                                                                                     | —%                                                  | —                         | 341,039           |
| Equity investments without readily determinable fair values                                                                                          |                                                     | 8,721                     | 8,721             |
| Other equity investments with readily determinable fair values held in trust under the Company's Executive Deferred Compensation Plan <sup>(c)</sup> |                                                     | 2,925                     | 1,087             |
| Total investments                                                                                                                                    |                                                     | <u>\$ 30,728</u>          | <u>\$ 395,606</u> |

- (a) In January 2023, the Company, extended financing to Holoplot GmbH ("Holoplot") in the form of a three-year convertible loan (the "Holoplot Loan") of €18,804, equivalent to \$20,484 using the applicable exchange rate at the time of the transaction. Following the acquisition of Holoplot during the fourth quarter of Fiscal Year 2024 (further discussed below), the Holoplot Loan is eliminated in consolidation.
- (b) As of June 30, 2024, following the sale of portions of the MSGE Retained Interest and the repayment of the DDTL Facility (as defined below) with MSG Entertainment using a portion of the MSGE Retained Interest, the Company no longer holds any of the outstanding common stock of MSG Entertainment. The Company elected the fair value option for its investment in MSG Entertainment as of June 30, 2023, when it held approximately 20% of the outstanding shares of common stock of MSG Entertainment (in the form of Class A common stock). The fair value of the investment was determined based on quoted market prices on the New York Stock Exchange ("NYSE"), which were classified within Level I of the fair value hierarchy.
- (c) The Company's investments with readily determinable fair values are classified within Level I of the fair value hierarchy as they are based on quoted prices in active markets. Refer to Note 14. Pension Plans and Other Postretirement Benefit Plan, for further detail on the Company's Executive Deferred Compensation Plan.

**Equity Method Investments**

The Company determined that it has the ability to exert significant influence over the investee and therefore accounts for the following investments under the equity method of accounting.

*SACO*

In Fiscal Year 2019, the Company acquired a 30% interest in SACO, a global provider of high-performance LED video lighting and media solutions, for a total consideration of \$47,244. The Company is utilizing SACO as a preferred display technology provider for Sphere in Las Vegas based upon commercial terms. The total consideration consisted of a \$42,444 payment at closing and a \$4,800 deferred payment, which was made in October 2018. As of the acquisition date, the carrying amount of the investment was greater than the Company's equity interest in the underlying net assets of SACO. As such, the Company allocated the difference to amortizable intangible assets of \$25,350 and is amortizing these intangible assets on a straight-line basis over the expected useful lives ranging from 6 years to 12 years as a basis adjustment to the carrying amount of the investment.

*CPC*

In March 2024, the Company paid \$51 for an 8.3% investment in CPC. CPC represents sports and entertainment brands and venues, including those of the Company, MSG Entertainment and MSG Sports, in connection with the sale of their respective sponsorship, advertising and marketing partnerships assets. The Company's share of CPC's results is picked-up on a three month lag.

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*GAME*

In January 2024 MSG Networks and The YES Network (“YES”) announced they formed GAME, a 50/50 joint venture aimed at capitalizing on technical and operational synergies associated with YES’ and MSG Network’s streaming services. In Fiscal Year 2024, the Company contributed a total of \$680 to GAME as part of its ownership stake. The Company’s share of GAME’s results is picked-up on a three month lag.

*Holoplot*

In Fiscal Year 2018, the Company acquired a 25% interest in Holoplot, a global leader in 3D audio technology based in Berlin, Germany. In Fiscal Year 2023, the Company extended financing to Holoplot in the form of the Holoplot Loan of €18,804, equivalent to \$20,484 using the applicable exchange rate at the time of the transaction. The Holoplot Loan was comprised of \$7,625 cash and \$12,859 of outstanding deposits paid by the Company to Holoplot in prior periods, plus accrued interest.

On April 25, 2024, in connection with the Company’s strategy to expand our capabilities and enable further innovation across immersive experiences and 3D audio technology, the Company entered into a share purchase and transfer agreement to acquire the remaining equity interest in Holoplot not previously owned by the Company. The initial purchase price of \$11,181, is net of cash acquired of \$2,554. The acquisition date fair value of the Company’s previous equity interest and the fair value of the Holoplot Loan were included in the measurement of the total consideration transferred. The Company recognized the remeasurement fair value of the previous equity interest as a gain of \$5,689, and also recognized a loss of \$10,262 related to the fair value over the carrying of the previously held Holoplot Loan, which are both included in Impairment and other (losses) gains, net within the consolidated statements of operations for Fiscal Year 2024. The Company preliminarily recognized \$17,818 of intangible assets, and \$13,345 of goodwill on the consolidated balance sheets as of June 30, 2024 as a result of the business combination and is in the process of finalizing its purchase price allocation related to certain of its contractual agreements. Following the acquisition on April 25, 2024, Holoplot is now a consolidated subsidiary of the Company, and the Holoplot Loan is eliminated in consolidation.

*MSG Entertainment*

The Company held an investment in MSG Entertainment’s Class A common stock, the MSGE Retained Interest. MSG Entertainment is a related party that is listed on the NYSE under the symbol “MSGE.” See Note 1. Description of Business and Basis of Presentation, for details regarding the MSGE Retained Interest.

The following table summarizes the unrealized and realized gains (losses) on the MSGE Retained Interest, which are reported in Other income (expenses), net in the accompanying consolidated statements of operations:

|                                                   | June 30,<br>2024 | June 30,<br>2023 |
|---------------------------------------------------|------------------|------------------|
| Unrealized gain                                   | \$ —             | \$ 341,039       |
| (Loss) gain from shares sold                      | (19,027)         | 204,676          |
| Total realized and unrealized (loss) gain         | \$ (19,027)      | \$ 545,715       |
| Supplemental information on realized (loss) gain: |                  |                  |
| Shares of common stock disposed <sup>(a)</sup>    | 1,923            | —                |
| Shares of common stock sold <sup>(b)</sup>        | 8,221            | 6,878            |
| Cash proceeds from common stock sold              | \$ 256,501       | \$ 204,676       |

(a) Refer to Note 13. Credit Facilities and Convertible Notes, for further explanation of the approximately 1,923 shares disposed related to the repayment of the DDTL Facility.

(b) The sale of approximately 8,221 shares of MSG Entertainment Class A common stock resulted in the cash proceeds from common stock sold.

**Executive Deferred Compensation Plan**

The Company holds other equity investments with readily determinable fair values in trust under the Company’s Executive Deferred Compensation Plan. The Company recorded unrealized gains of \$307, \$218, and \$0, for the years ended June 30, 2024, 2023 and 2022, respectively, within Other income (expense), net to reflect the remeasurement of the fair value of assets under the Executive Deferred Compensation Plan.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**Note 8. Property and Equipment, Net**

As of June 30, 2024 and 2023, property and equipment, net consisted of the following:

|                                                | As of June 30,      |                     |
|------------------------------------------------|---------------------|---------------------|
|                                                | 2024                | 2023                |
| Land                                           | \$ 44,279           | \$ 80,878           |
| Buildings                                      | 2,261,150           | 69,049              |
| Equipment, furniture and fixtures              | 1,163,361           | 159,786             |
| Leasehold improvements                         | 18,497              | 18,491              |
| Construction in progress                       | 4,142               | 3,066,785           |
| Total property and equipment, gross            | 3,491,429           | 3,394,989           |
| Less accumulated depreciation and amortization | (333,009)           | (87,828)            |
| Total property and equipment, net              | <u>\$ 3,158,420</u> | <u>\$ 3,307,161</u> |

The property and equipment balances above include \$156,234 and \$236,593 of capital expenditure accruals (primarily related to Sphere construction) as of June 30, 2024 and 2023, respectively, which are reflected in Accounts payable, accrued and other current liabilities in the accompanying consolidated balance sheets. During the first quarter of Fiscal Year 2024, the Company placed \$3,130,028 of construction in progress assets into service with the opening of Sphere in Las Vegas and began depreciating them over their corresponding estimated useful lives.

Depreciation expense on property and equipment was \$252,706, \$27,601 and \$16,794 for Fiscal Years 2024, 2023 and 2022, respectively.

On November 21, 2023, the Company announced that it was formally notified by the Mayor of London that its planning application for a Sphere venue in Stratford, London was not approved. In light of this decision, the Company no longer plans to allocate resources towards the development of a Sphere in the United Kingdom. In connection with this decision, the Company recorded an impairment charge of \$116,541 on construction in progress and land assets reported within the Sphere segment during the second quarter of Fiscal Year 2024. This charge is recognized in Impairment and other (losses) gains, net within the consolidated statements of operations for Fiscal Year 2024. The fair value of the land was determined using an estimate of the assumed exit value from a market participant perspective.

**Note 9. Original Immersive Production Content**

The Company's deferred production content costs for its original immersive productions are included within Other non-current assets in the accompanying consolidated balance sheets.

As of June 30, 2024 and 2023, total deferred immersive production content costs consisted of the following:

|                             | As of            |                  |
|-----------------------------|------------------|------------------|
|                             | June 30, 2024    | June 30, 2023    |
| Production content          |                  |                  |
| Released, less amortization | \$ 61,005        | \$ —             |
| In-process                  | 32,076           | 61,421           |
| Total production content    | <u>\$ 93,081</u> | <u>\$ 61,421</u> |

The following table summarizes the Company's amortization of production content costs, which is reported in Direct operating expenses in the accompanying consolidated statements of operations for the years ended June 30, 2024, 2023 and 2022 as follows:

|                                         | Years Ended June 30, |      |      |
|-----------------------------------------|----------------------|------|------|
|                                         | 2024                 | 2023 | 2022 |
| Production content costs <sup>(a)</sup> | \$ 20,427            | \$ — | \$ — |

(a) For purposes of amortization and impairment, each deferred immersive production content cost is classified based on its predominant monetization strategy. The Company's current original immersive productions are monetized individually. Refer to Note 2. Summary of Significant Accounting Policies, for further explanation of the monetization strategy.

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The Company's annual amortization expense for released deferred immersive production content for each of the succeeding three fiscal years as of June 30, 2024 is as follows:

|                                  | As of<br>June 30, 2024 |
|----------------------------------|------------------------|
| Production content released      |                        |
| Fiscal year ending June 30, 2025 | \$ 15,925              |
| Fiscal year ending June 30, 2026 | 7,931                  |
| Fiscal year ending June 30, 2027 | 7,095                  |

**Note 10. Leases**

The following table summarizes the ROU assets and lease liabilities recorded on the Company's consolidated balance sheets as of June 30, 2024 and 2023:

|                               | As of<br>June 30,<br>2024 | June 30,<br>2023 |
|-------------------------------|---------------------------|------------------|
| ROU assets                    | \$ 106,468                | \$ 84,912        |
| Lease liabilities:            |                           |                  |
| Operating leases, current     | 18,548                    | 10,127           |
| Operating leases, non-current | 128,022                   | 110,259          |
| Total lease liabilities       | \$ 146,570                | \$ 120,386       |

The following table summarizes the activity recorded within the Company's consolidated statements of operations for Fiscal Years 2024, 2023 and 2022:

| Line Item in the Company's Consolidated<br>Statements of Operations |                                              | Years Ended June 30, |           |           |
|---------------------------------------------------------------------|----------------------------------------------|----------------------|-----------|-----------|
|                                                                     |                                              | 2024                 | 2023      | 2022      |
| Operating lease cost                                                | Direct operating expenses                    | \$ 3,984             | \$ 1,676  | \$ 1,287  |
| Operating lease cost                                                | Selling, general and administrative expenses | 14,549               | 15,925    | 16,977    |
| Variable lease cost                                                 | Direct operating expenses                    | 1,740                | —         | —         |
| Variable lease cost                                                 | Selling, general and administrative expenses | 28                   | 1         | 20        |
| Total lease cost                                                    |                                              | \$ 20,301            | \$ 17,602 | \$ 18,284 |

The Company excluded its ground lease with a subsidiary of Venetian Venue Propco, LLC ("The Venetian") associated with Sphere in Las Vegas from its ROU assets and lease liabilities balances as the ground lease will not have any fixed rent. If certain return objectives are achieved, The Venetian will receive 25% of the after-tax cash flow in excess of such objectives in the form of variable rent. The Venetian paid the Company \$75,000 to help fund the construction costs, including the cost of a pedestrian bridge that links Sphere to The Venetian Expo. The 50-year fixed term commenced on July 14, 2023.

Supplemental cash flow information related to operating leases is as follows:

|                                                                                  | Years Ended June 30, |           |           |
|----------------------------------------------------------------------------------|----------------------|-----------|-----------|
|                                                                                  | 2024                 | 2023      | 2022      |
| Cash paid for amounts included in the measurement of operating lease liabilities | \$ 19,000            | \$ 12,332 | \$ 14,400 |
| Lease assets obtained in exchange for new lease obligations                      | 33,900               | 6,435     | 43,834    |

For Fiscal Years 2024 and 2022, the Company received \$5,833 and \$17,697, respectively, of tenant incentives from a landlord for capital expenditures on behalf of the Company. There were no tenant incentives received in Fiscal Year 2023.

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Maturities of operating lease liabilities are as follows:

|                                  | As of<br>June 30, 2024 |
|----------------------------------|------------------------|
| Fiscal year ending June 30, 2025 | \$ 19,555              |
| Fiscal year ending June 30, 2026 | 19,438                 |
| Fiscal year ending June 30, 2027 | 15,866                 |
| Fiscal year ending June 30, 2028 | 16,020                 |
| Fiscal year ending June 30, 2029 | 16,574                 |
| Thereafter                       | 118,613                |
| Total lease payments             | 206,066                |
| Less imputed interest            | 59,496                 |
| Total lease liabilities          | <u>\$ 146,570</u>      |

The weighted average remaining lease term and weighted average discount rate for our operating leases as of June 30, 2024 and 2023 were as follows:

|                                                  | As of<br>June 30,<br>2024 | June 30,<br>2023 |
|--------------------------------------------------|---------------------------|------------------|
| Weighted average remaining lease term (in years) | 11.4                      | 12.1             |
| Weighted average discount rate                   | 5.89 %                    | 5.38 %           |

As of June 30, 2024, the Company's existing operating leases, which are recorded on the accompanying financial statements, have remaining lease terms ranging from 0.2 years to 17.6 years.

***Lessor Arrangements***

The Company has sublease arrangements for office and storage spaces where the operating lease revenue is recognized on a straight-line basis over the lease term. The following table summarizes the Company's sublease revenues for Fiscal Years 2024, 2023 and 2022:

|                       | Years Ended June 30, |          |          |
|-----------------------|----------------------|----------|----------|
|                       | 2024                 | 2023     | 2022     |
| Sublease arrangements | \$ 3,028             | \$ 2,610 | \$ 1,900 |

The maturities of operating lease cash flows to be received on an undiscounted basis for non-cancelable subleases are as follows:

|                                  | As of<br>June 30, 2024 |
|----------------------------------|------------------------|
| Fiscal year ending June 30, 2025 | \$ 2,813               |
| Fiscal year ending June 30, 2026 | 2,084                  |
| Total future minimum receipts    | <u>\$ 4,897</u>        |

**Note 11. Goodwill and Intangible Assets**

The carrying amounts and activity of goodwill from June 30, 2022 through June 30, 2024 were as follows:

|                             | Sphere           | MSG Networks      | Total             |
|-----------------------------|------------------|-------------------|-------------------|
| Balance as of June 30, 2022 | \$ 32,299        | \$ 424,508        | \$ 456,807        |
| Activity                    | —                | —                 | —                 |
| Balance as of June 30, 2023 | \$ 32,299        | \$ 424,508        | \$ 456,807        |
| Activity                    | 13,345           | —                 | 13,345            |
| Balance as of June 30, 2024 | <u>\$ 45,644</u> | <u>\$ 424,508</u> | <u>\$ 470,152</u> |

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During the first quarter of Fiscal Years 2024 and 2023, the Company performed its annual impairment tests of goodwill and determined that there were no impairments identified as of the impairment test date. The Sphere segment's goodwill carrying amount increased by \$13,345 during Fiscal Year 2024 due to the acquisition of Holoplot, refer to Note 7. Investments for further details. The MSG Networks segment (and reporting unit) had a negative carrying amount of net assets as of June 30, 2024 and 2023.

For periods prior to the MSGE Distribution, Sphere was included with the MSGE Entertainment business in a combined segment and reporting unit. In connection with the MSGE Distribution, the goodwill balance associated with this reporting unit was allocated between Sphere and MSG Entertainment discontinued operations based upon a relative fair value approach, resulting in \$32,299 of goodwill attributed to Sphere.

The Company's intangible assets subject to amortization as of June 30, 2024 and 2023 were as follows:

|                         | As of                 |                          |                        | As of                 |                          |                        |
|-------------------------|-----------------------|--------------------------|------------------------|-----------------------|--------------------------|------------------------|
|                         | June 30, 2024         |                          |                        | June 30, 2023         |                          |                        |
|                         | Gross carrying amount | Accumulated amortization | Intangible assets, net | Gross carrying amount | Accumulated amortization | Intangible assets, net |
| Affiliate relationships | \$ 83,044             | \$ (68,249)              | \$ 14,795              | \$ 83,044             | \$ (65,134)              | \$ 17,910              |
| Technology              | 15,508                | (520)                    | 14,988                 | —                     | —                        | —                      |
| Trade name              | 2,032                 | (68)                     | 1,964                  | —                     | —                        | —                      |
| Other                   | 278                   | (85)                     | 193                    | —                     | —                        | —                      |
| <b>Total</b>            | <b>\$ 100,862</b>     | <b>\$ (68,922)</b>       | <b>\$ 31,940</b>       | <b>\$ 83,044</b>      | <b>\$ (65,134)</b>       | <b>\$ 17,910</b>       |

Amortization expense for intangible assets was \$3,788, \$3,115, and \$5,768 for Fiscal Years 2024, 2023 and 2022, respectively. The Company recognized \$17,818 of intangible assets subject to amortization during Fiscal Year 2024 as a result of the acquisition of Holoplot. The weighted-average remaining useful life for the intangible assets acquired is 4.8 years, refer to Note 7. Investments for further details.

The Company's annual amortization expense for existing intangible assets subject to amortization for each of the succeeding five fiscal years is as follows:

|                                | For the years ending June 30, |            |            |            |            |
|--------------------------------|-------------------------------|------------|------------|------------|------------|
|                                | 2025                          | 2026       | 2027       | 2028       | 2029       |
| Estimated amortization expense | \$ (6,813)                    | \$ (6,623) | \$ (6,623) | \$ (6,623) | \$ (5,258) |

**Note 12. Commitments and Contingencies**

**Commitments**

As of June 30, 2024, commitments of the Company in the normal course of business in excess of one year are as follows:

|                                       | Commitments      |                  |                  |                  |                  |                    |                    |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|
|                                       | June 30, 2025    | June 30, 2026    | June 30, 2027    | June 30, 2028    | June 30, 2029    | Thereafter         | Total              |
| <b>Sphere</b>                         |                  |                  |                  |                  |                  |                    |                    |
| Event-related commitments             | \$ 45,575        | \$ 7,043         | \$ 5,118         | \$ 1,500         | \$ —             | \$ —               | \$ 59,236          |
| Letter of credit                      | 892              | —                | —                | —                | —                | —                  | 892                |
| Other                                 | 2,000            | 2,000            | 1,333            | —                | —                | —                  | 5,333              |
| <b>Total Sphere Commitments</b>       | <b>\$ 48,467</b> | <b>\$ 9,043</b>  | <b>\$ 6,451</b>  | <b>\$ 1,500</b>  | <b>\$ —</b>      | <b>\$ —</b>        | <b>\$ 65,461</b>   |
| <b>MSG Networks</b>                   |                  |                  |                  |                  |                  |                    |                    |
| Broadcast rights                      | \$267,186        | \$274,241        | \$271,350        | \$270,897        | \$255,244        | \$1,563,979        | \$2,902,897        |
| Purchase commitments                  | 9,452            | 5,103            | 2,633            | 258              | —                | —                  | 17,446             |
| Talent commitments                    | 613              | 613              | —                | —                | —                | —                  | 1,226              |
| <b>Total MSG Networks Commitments</b> | <b>\$277,251</b> | <b>\$279,957</b> | <b>\$273,983</b> | <b>\$271,155</b> | <b>\$255,244</b> | <b>\$1,563,979</b> | <b>\$2,921,569</b> |
| <b>Total Commitments</b>              | <b>\$325,718</b> | <b>\$289,000</b> | <b>\$280,434</b> | <b>\$272,655</b> | <b>\$255,244</b> | <b>\$1,563,979</b> | <b>\$2,987,030</b> |

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See Note 10. Leases for more information regarding the Company's contractually obligated minimum lease payments for operating leases having an initial noncancelable term in excess of one year for the Company's venues. These commitments are presented exclusive of the imputed interest used to reflect the payment's present value.

See Note 13. Credit Facilities and Convertible Notes for more information regarding the principal repayments required under the MSG Networks Term Loan, LV Sphere Term Loan Facility and 3.50% Convertible Senior Notes.

***Legal Matters***

Fifteen complaints were filed in connection with the Networks Merger by purported stockholders of the Company and MSG Networks Inc.

Nine of these complaints involved allegations of materially incomplete and misleading information set forth in the joint proxy statement/prospectus filed by the Company and MSG Networks Inc. in connection with the Networks Merger. As a result of supplemental disclosures made by the Company and MSG Networks Inc. on July 1, 2021, all of the disclosure actions were voluntarily dismissed with prejudice prior to or shortly following the consummation of the Networks Merger.

Six complaints involved allegations of fiduciary breaches in connection with the negotiation and approval of the Networks Merger and were consolidated into two remaining litigations.

On September 10, 2021, the Court of Chancery of the State of Delaware (the "Court") entered an order consolidating two derivative complaints filed by purported Company stockholders. The consolidated action is captioned: *In re Madison Square Garden Entertainment Corp. Stockholders Litigation*, C.A. No. 2021-0468-KSJM (the "MSG Entertainment Litigation"). The consolidated plaintiffs filed their Verified Consolidated Derivative Complaint on October 11, 2021. The complaint, which named the Company as only a nominal defendant, retained all of the derivative claims and alleged that the members of the board of directors and controlling stockholders violated their fiduciary duties in the course of negotiating and approving the Networks Merger. Plaintiffs sought, among other relief, an award of damages to the Company including interest, and plaintiffs' attorneys' fees. Pursuant to the indemnity rights in its bylaws and Delaware law, the Company advanced the costs incurred by defendants in this action, and defendants asserted indemnification rights in respect of any adverse judgment or settlement of the action.

On March 14, 2023, the parties to the MSG Entertainment Litigation reached an agreement in principle to settle the MSG Entertainment Litigation, without admitting liability, on the terms and conditions set forth in a binding term sheet, which was incorporated into a long-form settlement agreement (the "MSGE Settlement Agreement") that was filed with the Court on April 20, 2023. The MSGE Settlement Agreement provided for, among other things, the final dismissal of the MSG Entertainment Litigation in exchange for a settlement payment to the Company of approximately \$85,000, subject to customary reduction for attorneys' fees and expenses, in an amount to be determined by the Court. The settlement's amount was fully funded by the other defendants' insurers. The MSGE Settlement Agreement was approved by the Court on August 14, 2023, which constituted the final judgment in the action. A realized gain of approximately \$62,600 was recognized in Other income (expense), net on the consolidated statements of operations in connection with the settlement payment to the Company.

On September 27, 2021, the Court entered an order consolidating four complaints filed by purported former stockholders of MSG Networks Inc. The consolidated action is captioned: *In re MSG Networks Inc. Stockholder Class Action Litigation*, C.A. No. 2021-0575-KSJM (the "MSG Networks Litigation"). The consolidated plaintiffs filed their Verified Consolidated Stockholder Class Action Complaint on October 29, 2021. The complaint asserted claims on behalf of a putative class of former MSG Networks Inc. stockholders against each member of the board of directors of MSG Networks Inc. and the controlling stockholders prior to the Networks Merger. Plaintiffs alleged that the MSG Networks Inc. board of directors and controlling stockholders breached their fiduciary duties in negotiating and approving the Networks Merger. The Company was not named as a defendant but was subpoenaed to produce documents and testimony related to the Networks Merger. Plaintiffs sought, among other relief, monetary damages for the putative class and plaintiffs' attorneys' fees. Pursuant to the indemnity rights in its bylaws and Delaware law, the Company advanced the costs incurred by defendants in this action, and defendants asserted indemnification rights in respect of any adverse judgment or settlement of the action.

On April 6, 2023, the parties to the MSG Networks Litigation reached an agreement in principle to settle the MSG Networks Litigation, without admitting liability, on the terms and conditions set forth in a binding term sheet, which was incorporated into a long-form settlement agreement (the "MSGN Settlement Agreement") that was filed with the Court on May 18, 2023. The MSGN Settlement Agreement provided for, among other things, the final dismissal of the MSG Networks Litigation in exchange for a settlement payment to the plaintiffs and the class of approximately \$48,500, of which approximately \$28,000 has been paid by the Company and \$20,500 has been paid to the plaintiffs by insurers (who agreed to advance these costs subject to final resolution of the parties' insurance coverage dispute). The MSGN Settlement Agreement was approved by the Court on August 14, 2023, which constituted the final judgment in the action. MSG Networks Inc. has a dispute with its insurers over whether and to what extent there is insurance coverage for the settlement (and has settled with one of the insurers). As of June 30, 2024, approximately \$18,000 has

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been accrued for by the Company in Accounts payable, accrued and other current liabilities (reduced from \$20,500 accrued as of March 31, 2024 in connection with the aforementioned settlement). Unless MSG Networks Inc. and the remaining insurers settle that insurance dispute, it is expected to be finally resolved in a pending Delaware insurance coverage action.

The Company is a defendant in various other lawsuits. Although the outcome of these other lawsuits cannot be predicted with certainty (including the extent of available insurance, if any), management does not believe that resolution of these other lawsuits will have a material adverse effect on the Company.

**Note 13. Credit Facilities and Convertible Notes**

The following table summarizes the presentation of the outstanding balances under the Company's credit agreements and convertible notes as of June 30, 2024 and 2023:

|                                        | As of             |                                            |                                               |                  |                                            |                  |                                               |                    |
|----------------------------------------|-------------------|--------------------------------------------|-----------------------------------------------|------------------|--------------------------------------------|------------------|-----------------------------------------------|--------------------|
|                                        | June 30, 2024     |                                            |                                               | June 30, 2023    |                                            |                  |                                               |                    |
|                                        | Principal         | Unamortized<br>Deferred<br>Financing Costs | Net                                           | Principal        | Unamortized<br>Deferred<br>Financing Costs | Net              |                                               |                    |
| Current portion                        |                   |                                            |                                               |                  |                                            |                  |                                               |                    |
| MSG Networks Term Loan                 | \$ 849,750        | \$ (313)                                   | \$ 849,437                                    | \$ 82,500        | \$ —                                       | \$ 82,500        |                                               |                    |
| Current portion of long-term debt, net | <u>\$ 849,750</u> | <u>\$ (313)</u>                            | <u>\$ 849,437</u>                             | <u>\$ 82,500</u> | <u>\$ —</u>                                | <u>\$ 82,500</u> |                                               |                    |
|                                        | As of             |                                            |                                               |                  |                                            |                  |                                               |                    |
|                                        | June 30, 2024     |                                            |                                               | June 30, 2023    |                                            |                  |                                               |                    |
|                                        | Principal         | Debt<br>Discount                           | Unamortized<br>Deferred<br>Financing<br>Costs | Net              | Principal                                  | Debt<br>Discount | Unamortized<br>Deferred<br>Financing<br>Costs | Net                |
| Non-current portion                    |                   |                                            |                                               |                  |                                            |                  |                                               |                    |
| MSG Networks Term Loan                 | \$ —              | \$ —                                       | \$ —                                          | \$ —             | \$ 849,750                                 | \$ —             | \$ (1,483)                                    | \$ 848,267         |
| LV Sphere Term Loan Facility           | 275,000           | —                                          | (3,788)                                       | 271,212          | 275,000                                    | —                | (4,880)                                       | 270,120            |
| 3.50% Convertible Senior Notes         | 258,750           | (6,314)                                    | (913)                                         | 251,523          | —                                          | —                | —                                             | —                  |
| Long-term debt, net                    | <u>\$533,750</u>  | <u>\$ (6,314)</u>                          | <u>\$ (4,701)</u>                             | <u>\$522,735</u> | <u>\$1,124,750</u>                         | <u>\$ —</u>      | <u>\$ (6,363)</u>                             | <u>\$1,118,387</u> |

*MSG Networks Credit Facilities*

*General.* MSGN Holdings, L.P. ("MSGN L.P."), MSGN Eden, LLC, an indirect subsidiary of the Company and the general partner of MSGN L.P., Regional MSGN Holdings LLC, an indirect subsidiary of the Company and the limited partner of MSGN L.P. (collectively with MSGN Eden, LLC, the "MSGN Holdings Entities"), and certain subsidiaries of MSGN L.P. have senior secured credit facilities pursuant to a credit agreement (as amended and restated on October 11, 2019, the "MSGN Credit Agreement") consisting of: (i) an initial \$1,100,000 term loan facility (the "MSGN Term Loan Facility") and (ii) a \$250,000 revolving credit facility (the "MSGN Revolving Credit Facility" and together with the MSGN Term Loan Facility, the "MSG Networks Credit Facilities"), each with a term of five years. Up to \$35,000 of the MSGN Revolving Credit Facility is available for the issuance of letters of credit. As of June 30, 2024, there were no borrowings or letters of credit issued and outstanding under the MSGN Revolving Credit Facility.

*Interest Rates.* Borrowings under the MSGN Credit Agreement bear interest at a floating rate, which at the option of MSGN L.P. may be either (i) a base rate plus an additional rate ranging from 0.25% to 1.25% per annum (determined based on a total net leverage ratio), or (ii) adjusted Term SOFR (i.e., Term SOFR plus 0.10%) plus an additional rate ranging from 1.25% to 2.25% per annum (determined based on a total leverage ratio). Upon a payment default in respect of principal, interest or other amounts due and payable under the MSGN Credit Agreement or related loan documents, default interest will accrue on all overdue amounts at an additional rate of 2.00% per annum.

The MSGN Credit Agreement requires that MSGN L.P. pay a commitment fee ranging from 0.225% to 0.30% (determined based on a total net leverage ratio) in respect of the average daily unused commitments under the MSGN Revolving Credit Facility. MSGN L.P. will also be required to pay customary letter of credit fees, as well as fronting fees, to banks that issue letters of credit. The interest rate on the MSGN Term Loan Facility as of June 30, 2024 was 7.44%.

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*Principal Repayments.* Subject to customary notice and minimum amount conditions, MSGN L.P. may voluntarily repay outstanding loans under the MSGN Credit Agreement at any time, in whole or in part, without premium or penalty (except for customary breakage costs with respect to Eurodollar loans). The MSGN Term Loan Facility amortizes quarterly in accordance with its terms beginning March 31, 2020 through September 30, 2024 with a final maturity date of October 11, 2024. MSGN L.P. is required to make mandatory prepayments in certain circumstances, including without limitation from the net cash proceeds of certain sales of assets (including MSGN Collateral) or casualty insurance and/or condemnation recoveries (subject to certain reinvestment, repair or replacement rights) and the incurrence of certain indebtedness, subject to certain exceptions.

*Covenants.* The MSGN Credit Agreement generally requires the MSGN Holdings Entities and MSGN L.P. and its restricted subsidiaries on a consolidated basis to comply with a maximum total leverage ratio of 5.50:1.00, subject, at the option of MSGN L.P. to an upward adjustment to 6.00:1.00 during the continuance of certain events. As of June 30, 2024, the total leverage ratio was 5.10:1.00. In addition, the MSGN Credit Agreement requires a minimum interest coverage ratio of 2.00:1.00 for the MSGN Holdings Entities and MSGN L.P. and its restricted subsidiaries on a consolidated basis. As of June 30, 2024, the interest coverage ratio was 2.25:1.00. All borrowings under the MSGN Credit Agreement are subject to the satisfaction of customary conditions, including absence of a default and accuracy of representations and warranties. As of June 30, 2024, the MSGN Holdings Entities and MSGN L.P. and its restricted subsidiaries on a consolidated basis were in compliance with the covenants.

In addition to the financial covenants discussed above, the MSGN Credit Agreement and the related security agreement contain certain customary representations and warranties, affirmative covenants, and events of default. The MSGN Credit Agreement contains certain restrictions on the ability of MSGN L.P. and its restricted subsidiaries to take certain actions as provided in (and subject to various exceptions and baskets set forth in) the MSGN Credit Agreement, including the following: (i) incurring additional indebtedness and contingent liabilities; (ii) creating liens on certain assets; (iii) making investments, loans or advances in or to other persons; (iv) paying dividends and distributions or repurchasing capital stock; (v) changing their lines of business; (vi) engaging in certain transactions with affiliates; (vii) amending specified material agreements; (viii) merging or consolidating; (ix) making certain dispositions; and (x) entering into agreements that restrict the granting of liens. The MSGN Holdings Entities are also subject to customary passive holding company covenants.

*Guarantors and Collateral.* All obligations under the MSGN Credit Agreement are guaranteed by the MSGN Holdings Entities and MSGN L.P.'s existing and future direct and indirect domestic subsidiaries that are not designated as excluded subsidiaries or unrestricted subsidiaries (the "MSGN Subsidiary Guarantors," and together with the MSGN Holdings Entities, the "MSGN Guarantors"). All obligations under the MSGN Credit Agreement, including the guarantees of those obligations, are secured by certain assets of MSGN L.P. and each MSGN Guarantor (collectively, "MSGN Collateral"), including, but not limited to, a pledge of the equity interests in MSGN L.P. held directly by the MSGN Holdings Entities and the equity interests in each MSGN Subsidiary Guarantor held directly or indirectly by MSGN L.P.

*LV Sphere Term Loan Facility*

*General.* On December 22, 2022, MSG Las Vegas, LLC ("MSG LV"), an indirect, wholly-owned subsidiary of the Company, entered into a credit agreement with JP Morgan Chase Bank, N.A., as administrative agent and the lenders party thereto, providing for a five-year, \$275,000 senior secured term loan facility (as amended, the "LV Sphere Term Loan Facility").

*Interest Rates.* Borrowings under the LV Sphere Term Loan Facility bear interest at a floating rate, which at the option of MSG LV may be either (i) a base rate plus a margin of 3.375% per annum or (ii) adjusted Term SOFR (i.e., Term SOFR plus 0.10%) plus a margin of 4.375% per annum. The interest rate on the LV Sphere Term Loan Facility as of June 30, 2024 was 9.80%.

*Principal Repayments.* The LV Sphere Term Loan Facility will mature on December 22, 2027. The principal obligations under the LV Sphere Term Loan Facility are due at the maturity of the facility, with no amortization payments prior to maturity. Under certain circumstances, MSG LV is required to make mandatory prepayments on the loan, including prepayments in an amount equal to the net cash proceeds of casualty insurance and/or condemnation recoveries (subject to certain reinvestment, repair or replacement rights), subject to certain exceptions.

*Covenants.* The LV Sphere Term Loan Facility and related guaranty by Sphere Entertainment Group include financial covenants requiring MSG LV to maintain a specified minimum debt service coverage ratio and requiring Sphere Entertainment Group to maintain a specified minimum liquidity level.

The debt service coverage ratio covenant began testing in the fiscal quarter ended December 31, 2023 on a historical basis and on a prospective basis. Both the historical and prospective debt service coverage ratios are required to be at least 1.35:1.00. As of June 30, 2024, the historical and prospective debt service coverage ratios were 8.36:1.00 and 13.04:1.00, respectively. In addition, among other conditions, MSG LV is not permitted to make distributions to Sphere Entertainment Group unless the historical and prospective debt

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service coverage ratios are at least 1.50:1.00. The minimum liquidity level for Sphere Entertainment Group is set at \$50,000, with \$25,000 required to be held in cash or cash equivalents, and is tested as of the last day of each fiscal quarter based on Sphere Entertainment Group's unencumbered liquidity, consisting of cash and cash equivalents and available lines of credit, as of such date.

In addition to the covenants described above, the LV Sphere Term Loan Facility and the related guaranty and security and pledge agreements contain certain customary representations and warranties, affirmative and negative covenants and events of default. The LV Sphere Term Loan Facility contains certain restrictions on the ability of MSG LV and Sphere Entertainment Group to take certain actions as provided in (and subject to various exceptions and baskets set forth in) the LV Sphere Term Loan Facility and the related guaranty and security and pledge agreements, including the following: (i) incur additional indebtedness; (ii) make investments, loans or advances in or to other persons; (iii) pay dividends and distributions (which will restrict the ability of MSG LV to make cash distributions to the Company); (iv) change its lines of business; (v) engage in certain transactions with affiliates; (vi) amend organizational documents; (vii) merge or consolidate; and (viii) make certain dispositions.

*Guarantors and Collateral.* All obligations under the LV Sphere Term Loan Facility are guaranteed by Sphere Entertainment Group. All obligations under the LV Sphere Term Loan Facility, including the guarantees of those obligations, are secured by all of the assets of MSG LV and certain assets of Sphere Entertainment Group including, but not limited to, MSG LV's leasehold interest in the land on which Sphere in Las Vegas is located, and a pledge of all of the equity interests held directly by Sphere Entertainment Group in MSG LV.

*Delayed Draw Term Loan Facility*

On April 20, 2023, the Company entered into the DDTL Facility with MSG Entertainment Holdings, LLC ("MSG Entertainment Holdings"). Pursuant to the DDTL Facility, MSG Entertainment Holdings committed to lend up to \$65,000 in delayed draw term loans to the Company on an unsecured basis for a period of 18 months following the consummation of the MSGE Distribution.

On July 14, 2023, the Company drew down the full amount of the \$65,000 under the DDTL Facility. On August 9, 2023, the Company repaid all amounts outstanding under the DDTL Facility (including accrued interest and commitment fees) by delivering to MSG Entertainment Holdings approximately 1,923 shares of MSG Entertainment Class A common stock.

*3.50% Convertible Senior Notes*

On December 8, 2023, the Company completed a private unregistered offering (the "Offering") of \$258,750 in aggregate principal amount of its 3.50% Convertible Senior Notes due 2028 (the "3.50% Convertible Senior Notes"), which amount includes the full exercise of the initial purchasers' option to purchase additional 3.50% Convertible Senior Notes.

The Company used \$14,309 of the net proceeds from the Offering to fund the cost of entering into the capped call transactions described below, with the remaining net proceeds from the Offering designated for general corporate purposes, including capital for Sphere-related growth initiatives. The capped call transactions met all of the applicable criteria for equity classification in accordance with ASC Subtopic 815-10-15-74(a), "*Derivatives and Hedging—Embedded Derivatives—Certain Contracts Involving an Entity's Own Equity*," and were recorded as a reduction to Equity on the Company's consolidated statements of stockholder's equity and consolidated balance sheets.

On December 8, 2023, the Company entered into an Indenture (the "Indenture") with U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), relating to the 3.50% Convertible Senior Notes. The 3.50% Convertible Senior Notes constitute a senior general unsecured obligation of the Company.

The 3.50% Convertible Senior Notes bear interest at a rate of 3.50% per year, payable semi-annually in arrears on June 1 and December 1 of each year, beginning on June 1, 2024. The 3.50% Convertible Senior Notes will mature on December 1, 2028, unless earlier redeemed, repurchased or converted.

Subject to the terms of the Indenture, the 3.50% Convertible Senior Notes may be converted at an initial conversion rate of 28.1591 shares of Class A Common Stock per \$1,000 principal amount of 3.50% Convertible Senior Notes (equivalent to an initial conversion price of approximately \$35.51 per share of Class A Common Stock). Upon conversion of the 3.50% Convertible Senior Notes, the Company will pay or deliver, as the case may be, cash, shares of Class A Common Stock or a combination of cash and shares of Class A Common Stock, at the Company's election, in accordance with the Indenture.

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Holders of the 3.50% Convertible Senior Notes may convert their 3.50% Convertible Senior Notes at their option at any time on or after September 1, 2028 until the close of business on the second scheduled trading day immediately preceding the maturity date. Holders of the 3.50% Convertible Senior Notes will also have the right to convert the 3.50% Convertible Senior Notes prior to September 1, 2028, but only upon the occurrence of specified events described in the Indenture. The conversion rate is subject to anti-dilution adjustments if certain events occur.

Prior to December 6, 2026, the 3.50% Convertible Senior Notes will not be redeemable. On or after December 6, 2026, the Company may redeem for cash all or part of the 3.50% Convertible Senior Notes (subject to certain exceptions), at its option, if the last reported sale price of the Class A Common Stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any period of 30 consecutive trading days (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 3.50% Convertible Senior Notes to be redeemed, plus accrued and unpaid interest to, but not including, the redemption date. No sinking fund is provided for the 3.50% Convertible Senior Notes.

If certain corporate events occur or the Company delivers a notice of redemption prior to the maturity date of the 3.50% Convertible Senior Notes, and a holder elects to convert its 3.50% Convertible Senior Notes in connection with such corporate event or notice of redemption, as the case may be, the Company will, under certain circumstances, increase the conversion rate for the 3.50% Convertible Senior Notes so surrendered for conversion by a number of additional shares of Class A Common Stock in accordance with the Indenture. No adjustment to the conversion rate will be made if the price paid or deemed to be paid per share of Class A Common Stock in such corporate event or redemption, as the case may be, is either less than \$28.41 per share or exceeds \$280.00 per share.

If a specified “Fundamental Change” (as defined in the Indenture) occurs prior to the maturity date of the 3.50% Convertible Senior Notes, under certain circumstances each holder may require the Company to repurchase all or part of its 3.50% Convertible Senior Notes at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest to, but not including, the repurchase date.

Under the Indenture, the 3.50% Convertible Senior Notes may be accelerated upon the occurrence of certain events of default. In the case of an event of default with respect to the 3.50% Convertible Senior Notes arising from specified events of bankruptcy or insolvency of the Company, 100% of the principal of and accrued and unpaid interest on the 3.50% Convertible Senior Notes will automatically become due and payable. If any other event of default with respect to the 3.50% Convertible Senior Notes under the Indenture occurs or is continuing, the Trustee or holders of at least 25% in aggregate principal amount of the then outstanding 3.50% Convertible Senior Notes may declare the principal amount of the 3.50% Convertible Senior Notes to be immediately due and payable.

On December 5, 2023, in connection with the pricing of the 3.50% Convertible Senior Notes, and on December 6, 2023, in connection with the exercise in full by the initial purchasers of their option to purchase additional 3.50% Convertible Senior Notes, the Company entered into capped call transactions with certain of the initial purchasers of the 3.50% Convertible Senior Notes or their respective affiliates and other financial institutions, pursuant to capped call confirmations. The capped call transactions are expected generally to reduce the potential dilution to the Class A Common Stock upon any conversion of the 3.50% Convertible Senior Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of converted 3.50% Convertible Senior Notes, as the case may be, with such reduction and/or offset subject to a cap based on a cap price initially equal to approximately \$42.62 per share (which represents a premium of approximately 50% over the last reported sale price of the Class A Common Stock of \$28.41 per share on the NYSE on December 5, 2023), and is subject to certain adjustments under the terms of the capped call transactions.

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*Debt Maturities*

Debt maturities over the next five years for the outstanding principal balance under the MSG Networks Credit Facilities, LV Sphere Term Loan Facility and 3.50% Convertible Senior Notes as of June 30, 2024 were as follows:

|                                  | MSG Networks<br>Credit Facilities | LV Sphere<br>Term Loan<br>Facility | 3.50%<br>Convertible<br>Senior Notes | Total               |
|----------------------------------|-----------------------------------|------------------------------------|--------------------------------------|---------------------|
| Fiscal year ending June 30, 2025 | \$ 849,750                        | \$ —                               | —                                    | \$ 849,750          |
| Fiscal year ending June 30, 2026 | —                                 | —                                  | —                                    | —                   |
| Fiscal year ending June 30, 2027 | —                                 | —                                  | —                                    | —                   |
| Fiscal year ending June 30, 2028 | —                                 | 275,000                            | —                                    | 275,000             |
| Fiscal year ending June 30, 2029 | —                                 | —                                  | 258,750                              | 258,750             |
| Thereafter                       | —                                 | —                                  | —                                    | —                   |
| Total debt                       | <u>\$ 849,750</u>                 | <u>\$ 275,000</u>                  | <u>\$ 258,750</u>                    | <u>\$ 1,383,500</u> |

Interest payments and loan principal repayments made by the Company under the credit agreements for Fiscal Years 2024, 2023 and 2022 were as follows:

|                                 | Interest Payments    |                  |                  | Loan Principal Repayments |                  |                  |
|---------------------------------|----------------------|------------------|------------------|---------------------------|------------------|------------------|
|                                 | Years Ended June 30, |                  |                  | Years Ended June 30,      |                  |                  |
|                                 | 2024                 | 2023             | 2022             | 2024                      | 2023             | 2022             |
| MSG Networks Credit Facilities  | \$ 68,297            | \$ 58,311        | \$ 19,173        | \$ 82,500                 | \$ 66,000        | \$ 49,500        |
| LV Sphere Term Loan Facility    | 26,894               | 12,825           | —                | —                         | —                | —                |
| Delayed Draw Term Loan Facility | 460                  | —                | —                | 65,000                    | —                | —                |
| 3.50% Convertible Senior Notes  | 4,352                | —                | —                | —                         | —                | —                |
| Total Payments                  | <u>\$ 100,003</u>    | <u>\$ 71,136</u> | <u>\$ 19,173</u> | <u>\$ 147,500</u>         | <u>\$ 66,000</u> | <u>\$ 49,500</u> |

The carrying value and fair value of the Company's debt reported in the accompanying consolidated balance sheets as of June 30, 2024 and 2023 were as follows:

|                                | As of                            |                     |                                  |                     |
|--------------------------------|----------------------------------|---------------------|----------------------------------|---------------------|
|                                | June 30, 2024                    |                     | June 30, 2023                    |                     |
|                                | Carrying<br>Value <sup>(a)</sup> | Fair<br>Value       | Carrying<br>Value <sup>(a)</sup> | Fair<br>Value       |
| Liabilities:                   |                                  |                     |                                  |                     |
| MSG Networks Credit Facilities | \$ 849,750                       | \$ 845,501          | \$ 932,250                       | \$ 927,589          |
| LV Sphere Term Loan Facility   | 275,000                          | 273,625             | 275,000                          | 272,250             |
| 3.50% Convertible Senior Notes | 252,436                          | 316,296             | —                                | —                   |
| Total debt                     | <u>\$ 1,377,186</u>              | <u>\$ 1,435,422</u> | <u>\$ 1,207,250</u>              | <u>\$ 1,199,839</u> |

(a) The total carrying value of the Company's debt as of June 30, 2024 and 2023 is equal to the current and non-current principal payments for the Company's debt, excluding unamortized deferred financing costs of \$5,014 and \$6,363, respectively.

The Company's debt is classified within Level II of the fair value hierarchy as it is valued using quoted indices of similar instruments for which the inputs are readily observable.

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**Note 14. Pension Plans and Other Postretirement Benefit Plan**

***Defined Benefit Pension Plans and Postretirement Benefit Plan***

Prior to the MSGE Distribution, the Company sponsored (i) a non-contributory, qualified cash balance retirement plan covering its non-union employees (the “Cash Balance Plan”), (ii) an unfunded non-contributory, non-qualified excess cash balance plan covering certain employees who participate in the underlying qualified plan (the “MSGE Excess Cash Balance Plan”), (iii) an unfunded non-contributory, non-qualified excess balance plan covering certain employees who participate in the underlying qualified plan (the “Networks Excess Cash Balance Plan”), (iv) an unfunded non-contributory, non-qualified benefit pension plan for the benefit of certain employees who participated in a frozen non-contributory qualified defined benefit plan, which became part of the Cash Balance Plan on March 1, 2011 (the “MSGE Excess Retirement Plan”), (v) an unfunded non-contributory, non-qualified benefit pension plan for the benefit of certain employees who participated in a frozen non-contributory qualified defined benefit plan, which became part of the Cash Balance Plan on March 1, 2022 (the “Networks Excess Retirement Plan”), (vi) a non-contributory, qualified defined benefit pension plan covering certain of the Company’s union employees (the “Union Plan”), and (vii) a non-contributory, qualified defined benefit pension plan covering certain of its union employees (the “Networks 1212 Plan”).

The Cash Balance Plan was amended to freeze participation and future benefit accruals. Therefore, since December 31, 2015, no new participants have been able to participate in the Cash Balance Plan and the Excess Cash Balance Plan and no further annual pay credits will be made for any future year. Existing account balances under the Cash Balance Plan and the Excess Cash Balance Plan will continue to be credited with monthly interest in accordance with the terms of the plans. As of December 31, 2007, the MSGE Excess Retirement Plan was amended to freeze all benefits earned through December 31, 2007, and to eliminate the ability of participants to earn benefits for future service under the MSGE Excess Retirement Plan.

The sponsorship of the Cash Balance Plan, the MSGE Excess Cash Balance Plan, the MSGE Excess Retirement Plan and the Union Plan was transferred from the Company to MSG Entertainment in connection with the MSGE Distribution. In addition, certain assets, if any, and liabilities associated with the Cash Balance Plan, the MSGE Excess Cash Balance Plan, the MSGE Excess Retirement plan and the Union Plan were also transferred from the Company to MSG Entertainment in connection with the MSGE Distribution.

After the MSGE Distribution, the Company continues to sponsor the Networks 1212 Plan, Networks Excess Cash Balance Plan, and the Networks Excess Retirement Plan (together, the “Networks Plans”). In connection with the MSGE Distribution, the Company established an unfunded non-contributory, non-qualified frozen excess cash balance plan covering certain employees who participated in the Cash Balance Plan (the “Sphere Excess Plan”). The Networks Plans and Sphere Excess Plans are collectively referred to as the “Pension Plans.”

Prior to the MSGE Distribution, the Company sponsored two contributory welfare plans which provided certain postretirement healthcare benefits to certain employees hired prior to January 1, 2001. The sponsorship of the postretirement plan covering Networks employees was retained by the Company (the “Postretirement Plan”) while the postretirement plan covering MSGE employees was transferred to MSG Entertainment in connection with MSGE Distribution. In addition, the liabilities associated with the postretirement plan for MSGE employees were transferred from the Company to MSG Entertainment in connection with the MSGE Distribution.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

The following table summarizes the projected benefit obligations, assets, funded status and the amounts recorded on the Company's consolidated balance sheets as of June 30, 2024 and 2023, associated with the Pension Plans and Postretirement Plan based upon actuarial valuations as of those measurement dates.

|                                                  | Pension Plans |             | Postretirement Plan |            |
|--------------------------------------------------|---------------|-------------|---------------------|------------|
|                                                  | June 30,      |             | June 30,            |            |
|                                                  | 2024          | 2023        | 2024                | 2023       |
| Change in benefit obligation:                    |               |             |                     |            |
| Benefit obligation at beginning of period        | \$ 38,136     | \$ 39,683   | \$ 1,799            | \$ 1,598   |
| Service cost                                     | 243           | 245         | 18                  | 20         |
| Interest cost                                    | 1,995         | 1,755       | 89                  | 68         |
| Actuarial (gain) loss <sup>(a)</sup>             | (262)         | (1,485)     | 60                  | 292        |
| Benefits paid                                    | (2,347)       | (2,153)     | (240)               | (179)      |
| Acquisitions                                     | —             | 141         | —                   | —          |
| Plan settlements paid                            | —             | (50)        | —                   | —          |
| Benefit obligation at end of period              | 37,765        | 38,136      | 1,726               | 1,799      |
| Change in plan assets:                           |               |             |                     |            |
| Fair value of plan assets at beginning of period | 17,976        | 18,756      | —                   | —          |
| Actual return on plan assets                     | 351           | (312)       | —                   | —          |
| Employer contributions                           | 500           | 500         | —                   | —          |
| Benefits paid                                    | (1,159)       | (968)       | —                   | —          |
| Fair value of plan assets at end of period       | 17,668        | 17,976      | —                   | —          |
| Funded status at end of period                   | \$ (20,097)   | \$ (20,160) | \$ (1,726)          | \$ (1,799) |

<sup>(a)</sup> In Fiscal Years 2024 and 2023, the actuarial gains on the benefit obligations were primarily due to a net increase in discount and interest crediting rates.

Amounts recognized in the consolidated balance sheets as of June 30, 2024 and 2023 consist of:

|                                                                                            | Pension Plans |             | Postretirement Plan |            |
|--------------------------------------------------------------------------------------------|---------------|-------------|---------------------|------------|
|                                                                                            | June 30,      |             | June 30,            |            |
|                                                                                            | 2024          | 2023        | 2024                | 2023       |
| Current liabilities (included in Accounts payable, accrued, and other current liabilities) | \$ (1,414)    | \$ (1,355)  | \$ (205)            | \$ (157)   |
| Non-current liabilities (included in Other non-current liabilities)                        | (18,683)      | (18,805)    | (1,521)             | (1,642)    |
|                                                                                            | \$ (20,097)   | \$ (20,160) | \$ (1,726)          | \$ (1,799) |

Accumulated other comprehensive loss, before income tax, as of June 30, 2024 and 2023 consists of the following amounts that have not yet been recognized in net periodic benefit cost:

|                       | Pension Plans |            | Postretirement Plan |        |
|-----------------------|---------------|------------|---------------------|--------|
|                       | June 30,      |            | June 30,            |        |
|                       | 2024          | 2023       | 2024                | 2023   |
| Actuarial (loss) gain | \$ (7,376)    | \$ (7,249) | \$ 120              | \$ 203 |

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

The following table presents components of net periodic benefit cost for the Pension Plans and Postretirement Plan included in the accompanying consolidated statements of operations for Fiscal Years 2024, 2023 and 2022. Service cost is recognized in Direct operating expenses and Selling, general and administrative expenses. All other components of net periodic benefit cost are reported in Other income (expense), net.

|                                  | Pension Plans        |                 |                 | Postretirement Plan  |              |              |
|----------------------------------|----------------------|-----------------|-----------------|----------------------|--------------|--------------|
|                                  | Years Ended June 30, |                 |                 | Years Ended June 30, |              |              |
|                                  | 2024                 | 2023            | 2022            | 2024                 | 2023         | 2022         |
| Service cost                     | \$ 243               | \$ 245          | \$ 371          | \$ 18                | \$ 20        | \$ 27        |
| Interest cost                    | 1,995                | 1,755           | 1,048           | 89                   | 68           | 31           |
| Expected return on plan assets   | (970)                | (853)           | (858)           | —                    | —            | —            |
| Recognized actuarial loss (gain) | 335                  | 358             | 585             | (23)                 | (69)         | (27)         |
| Settlement gain                  | —                    | (12)            | —               | —                    | —            | —            |
| Net periodic benefit cost        | <u>\$ 1,603</u>      | <u>\$ 1,493</u> | <u>\$ 1,146</u> | <u>\$ 84</u>         | <u>\$ 19</u> | <u>\$ 31</u> |

Other pre-tax changes in plan assets and benefit obligations recognized in other comprehensive (loss) income for Fiscal Years 2024, 2023 and 2022 are as follows:

|                                                       | Pension Plans        |               |                 | Postretirement Plan  |                 |               |
|-------------------------------------------------------|----------------------|---------------|-----------------|----------------------|-----------------|---------------|
|                                                       | Years Ended June 30, |               |                 | Years Ended June 30, |                 |               |
|                                                       | 2024                 | 2023          | 2022            | 2024                 | 2023            | 2022          |
| Actuarial (loss) gain, net                            | \$ (463)             | \$ 288        | \$ 3,318        | \$ (60)              | \$ (292)        | \$ 243        |
| Recognized actuarial loss (gain)                      | 335                  | 358           | 585             | (23)                 | (69)            | (27)          |
| Settlement gain                                       | —                    | (12)          | —               | —                    | —               | —             |
| Total recognized in other comprehensive (loss) income | <u>\$ (128)</u>      | <u>\$ 634</u> | <u>\$ 3,903</u> | <u>\$ (83)</u>       | <u>\$ (361)</u> | <u>\$ 216</u> |

*Funded Status*

The accumulated benefit obligation for the pension plans aggregated to \$37,587 and \$37,842 at June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, each of the pension plans had accumulated benefit obligations and projected benefit obligations in excess of plan assets.

*Pension Plans and Postretirement Plan Assumptions*

Weighted-average assumptions used to determine benefit obligations (made at the end of the period) as of June 30, 2024 and 2023 are as follows:

|                                                                                   | Pension Plans |        | Postretirement Plan |        |
|-----------------------------------------------------------------------------------|---------------|--------|---------------------|--------|
|                                                                                   | June 30,      |        | June 30,            |        |
|                                                                                   | 2024          | 2023   | 2024                | 2023   |
| Discount rate                                                                     | 5.51 %        | 5.34 % | 5.40 %              | 5.41 % |
| Rate of compensation increase                                                     | 3.00 %        | 3.00 % | n/a                 | n/a    |
| Interest crediting rate                                                           | 4.55 %        | 3.77 % | n/a                 | n/a    |
| Healthcare cost trend rate assumed for next year                                  | n/a           | n/a    | 6.75 %              | 7.00 % |
| Rate to which the cost trend rate is assumed to decline (the ultimate trend rate) | n/a           | n/a    | 5.00 %              | 5.00 % |
| Year that the rate reaches the ultimate trend rate                                | n/a           | n/a    | 2032                | 2032   |

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

Weighted-average assumptions used to determine net periodic benefit cost (made at the beginning of the period) for Fiscal Years 2024, 2023 and 2022 are as follows:

|                                                                                      | Pension Plans        |        |        | Postretirement Plan  |        |        |
|--------------------------------------------------------------------------------------|----------------------|--------|--------|----------------------|--------|--------|
|                                                                                      | Years Ended June 30, |        |        | Years Ended June 30, |        |        |
|                                                                                      | 2024                 | 2023   | 2022   | 2024                 | 2023   | 2022   |
| Discount rate - projected benefit obligation                                         | 5.33 %               | 4.81 % | 1.36 % | 5.41 %               | 4.66 % | 2.25 % |
| Discount rate - service cost                                                         | 5.52 %               | 5.06 % | 3.13 % | 5.39 %               | 4.89 % | 2.62 % |
| Discount rate - interest cost                                                        | 5.40 %               | 4.55 % | 2.18 % | 5.47 %               | 4.38 % | 1.75 % |
| Expected long-term return on plan assets                                             | 5.65 %               | 5.00 % | 3.96 % | n/a                  | n/a    | n/a    |
| Rate of compensation increase                                                        | 3.00 %               | 3.00 % | 3.00 % | n/a                  | n/a    | n/a    |
| Interest crediting rate                                                              | 4.55 %               | 3.77 % | 2.76 % | n/a                  | n/a    | n/a    |
| Healthcare cost trend rate assumed for next year                                     | n/a                  | n/a    | n/a    | 7.00 %               | 6.00 % | 6.25 % |
| Rate to which the cost trend rate is assumed to decline<br>(the ultimate trend rate) | n/a                  | n/a    | n/a    | 5.00 %               | 5.00 % | 5.00 % |
| Year that the rate reaches the ultimate trend rate                                   | n/a                  | n/a    | n/a    | 2032                 | 2027   | 2027   |

The discount rates were determined (based on the expected duration of the benefit payments for the plans) from the Willis Towers Watson U.S. Rate Link: 40-90 Discount Rate Model as of June 30, 2024 and 2023 to select a rate at which the Company believed the plans' benefits could be effectively settled. This model was developed by examining the yields on selected highly rated corporate bonds. The expected long-term return on plan assets is based on a periodic review and modeling of the plans' asset allocation structures over a long-term horizon. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data, forward-looking economic outlook, and economic/financial market theory. The expected long-term rate of return was selected from within the reasonable range of rates determined by (i) historical returns for the asset classes covered by the investment policy and (ii) projections of returns over the long-term period during which benefits are payable to plan participants.

*Plan Assets and Investment Policy*

The weighted-average asset allocation of the pension plan assets as of June 30, 2024 and 2023 was as follows:

| Asset Classes <sup>(a)</sup> : | As of June 30, |       |
|--------------------------------|----------------|-------|
|                                | 2024           | 2023  |
| Fixed income securities        | 72 %           | 75 %  |
| Cash equivalents               | 28 %           | 25 %  |
|                                | 100 %          | 100 % |

(a) The Company's target allocation for the assets of the Networks 1212 Plan is 100% fixed income securities as of June 30, 2024 and 2023.

Investment allocation decisions have been made by the Company's Investment and Benefits Committee. The Investment and Benefits Committee utilizes the services of an investment manager to actively manage the assets of the pension plans. The Company has established asset allocation targets and investment policies and guidelines with the investment manager. The investment manager takes into account expected long-term risks, returns, correlation, and other prudent investment assumptions when recommending asset classes and investment managers to the Company's Investment and Benefits Committee. The investment manager also considers each applicable Pension Plans' liabilities when making investment allocation recommendations. The majority of the Pension Plans' assets are invested in fixed income securities.

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*Investments at Estimated Fair Value*

The cumulative fair values of the individual plan assets at June 30, 2024 and 2023 by asset class are as follows:

|                                          | Fair Value Hierarchy | As of June 30,   |                  |
|------------------------------------------|----------------------|------------------|------------------|
|                                          |                      | 2024             | 2023             |
| Money market fund <sup>(a)</sup>         | I                    | \$ 4,924         | \$ 4,533         |
| Common collective trust <sup>(b)</sup>   | II                   | 12,744           | 13,443           |
| Total investments measured at fair value |                      | <u>\$ 17,668</u> | <u>\$ 17,976</u> |

(a) Money market funds are classified within Level I of the fair value hierarchy as they are valued using observable inputs that reflect quoted prices for identical assets in active markets.

(b) Common collective trust (CCT) is a non-exchange traded fund, classified within Level II of the fair value hierarchy at its net asset value (NAV) as reported by the Trustee. The NAV is based on the fair value of the underlying investments held by the fund which are based on quoted market prices less its liabilities. The CCT publishes daily NAV and use such value as the basis for current transactions.

*Contributions for Qualified Defined Benefit Pension Plans*

During Fiscal Year 2024, the Company contributed \$500 to the Networks 1212 Plan. The Company expects to contribute \$500 to the Networks 1212 Plan in Fiscal Year 2025.

*Estimated Future Benefit Payments*

The following table presents estimated future fiscal year benefit payments for the Pension Plans and Postretirement Plan:

|                                          | Pension Plans | Postretirement Plan |
|------------------------------------------|---------------|---------------------|
| Fiscal year ending June 30, 2025         | \$ 2,753      | \$ 211              |
| Fiscal year ending June 30, 2026         | \$ 2,980      | \$ 181              |
| Fiscal year ending June 30, 2027         | \$ 3,069      | \$ 188              |
| Fiscal year ending June 30, 2028         | \$ 3,015      | \$ 183              |
| Fiscal year ending June 30, 2029         | \$ 3,127      | \$ 202              |
| Fiscal years ending June 30, 2030 – 2034 | \$ 15,184     | \$ 915              |

**Defined Contribution Plan**

The Company sponsors the MSGN Holdings, L.P. Excess Savings Plan and the Sphere Entertainment Excess Savings Plan. The Company also participates in the Madison Square Garden 401(k) Savings Plan (the “401(k) Plan”). For Fiscal Years 2024, 2023 and 2022, expenses related to the Savings Plans that are included in the accompanying consolidated statements of operations were \$6,376, \$7,421 and \$5,778, respectively.

**Multiemployer Plans**

The Company contributes to a number of multiemployer defined benefit pension plans, multiemployer defined contribution plans, and multiemployer health and welfare plans that provide benefits to retired union-represented employees under the terms of collective bargaining agreements (“CBAs”).

**Multiemployer Defined Benefit Pension Plans**

The multiemployer defined benefit pension plans to which the Company contributes generally provide for retirement and death benefits for eligible union-represented employees based on specific eligibility/participant requirements, vesting periods and benefit formulas. The risks to the Company of participating in these multiemployer defined benefit pension plans are different from single-employer defined benefit pension plans in the following aspects:

- Assets contributed to a multiemployer defined benefit pension plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to a multiemployer defined benefit pension plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

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- If the Company chooses to stop participating in some of these multiemployer defined benefit pension plans, the Company may be required to pay those plans an amount based on the Company's proportion of the underfunded status of the plan, referred to as a withdrawal liability. However, cessation of participation in a multiemployer defined benefit pension plan and subsequent payment of any withdrawal liability is subject to the collective bargaining process.

The Company was not listed in any of the multiemployer plans' 5500's as providing more than 5% of the total contributions. There were no multiemployer defined benefit pension plans, to which the Company contributes, that were in a redzone (which are plans that are generally less than 65% funded) for the most recent Pension Protection Act zone status available as of June 30, 2024.

The Company contributed \$1,134, \$677 and \$389 for Fiscal Years 2024, 2023 and 2022, respectively, for multiemployer defined benefit pension plans.

***Multiemployer Defined Contribution Plans***

The Company contributed \$250, \$142 and \$152 for Fiscal Years 2024, 2023 and 2022, respectively, to multiemployer defined contribution plans.

***Executive Deferred Compensation Plan***

The Company sponsors the Sphere Entertainment Corp. Executive Deferred Compensation Plan (the "Deferred Compensation Plan"), for the purpose of permitting a select group of highly-compensated employees to defer the employee's annual base salary and bonus into the Deferred Compensation Plan with returns on such deferrals tracking the performance of certain investments. Following the MSGE Distribution accounts attributable to the Company's current employees were transferred from a deferred compensation plan sponsored by MSG Entertainment to the Deferred Compensation Plan. Amounts deferred and invested by employees under the Deferred Compensation Plan are placed in an irrevocable trust established by the Company and all assets of the trust are subject to the creditors of the Company in the event of insolvency. In accordance with ASC Topic 710, *Compensation – General* ("ASC Topic 710"), the assets of the trust are consolidated with the accounts of the Company and are recognized in the Company's consolidated balance sheets.

In accordance with ASC Topic 710, the Company remeasures the deferred compensation liability, with a charge (or credit) to compensation cost in the Company's consolidated statements of operations, to reflect changes in the fair value of the assets owed to the participants of the Deferred Compensation Plan. The Company remeasures the fair value of the assets held in trust in accordance with ASC Topic 321, *Investments – Equity Securities*, and recognizes unrealized gains and losses in Other income (expense), net in the Company's consolidated statements of operations. The Company recorded compensation expense (compensation cost credits) of \$307, and \$218, for the year ended June 30, 2024 and 2023, respectively, within Selling, general and administrative expenses to reflect the remeasurement of the Deferred Compensation Plan liability. In addition, the Company recorded gains/(losses) of \$307, and \$218, for the year ended June 30, 2024 and 2023, respectively, within Other income (expense), net to reflect the remeasurement of the fair value of assets under the Deferred Compensation Plan.

Amounts recognized in the consolidated balance sheets as of June 30, 2024 and 2023 related to the Deferred Compensation Plan consist of:

|                                                                     | June 30,<br>2024 | June 30,<br>2023 |
|---------------------------------------------------------------------|------------------|------------------|
| Non-current assets (included in Investments)                        | \$ 2,925         | \$ 1,087         |
| Non-current liabilities (included in Other non-current liabilities) | \$ (2,936)       | \$ (1,087)       |

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**(Continued)**

**Note 15. Share-based Compensation**

*Share-based Compensation Expense*

The Company has three share-based compensation plans: the 2020 Employee Stock Plan (as amended, the “Employee Stock Plan”), the 2020 Stock Plan for Non-Employee Directors (as amended, the “Non-Employee Director Plan”) and the MSG Networks Inc. 2010 Employee Stock Plan (as amended, the “MSG Networks Employee Stock Plan”).

Share-based compensation expense is generally recognized straight-line over the vesting term of the award, which typically provides for three-year cliff or graded vesting subject to continued employment. For awards that provide for graded vesting and are subject to performance conditions, in addition to continued employment, the Company uses the graded-vesting method to recognize share-based compensation expense.

Share-based compensation expense for the Company’s restricted stock units (“RSUs”), performance stock units (“PSUs”), stock options and/or cash-settled stock appreciation rights (“SARs”) are recognized in the consolidated statements of operations as a component of direct operating expenses or selling, general and administrative expenses.

In connection with the MSGE Distribution, pursuant to the terms of the incentive plans and applicable award agreements, (i) each holder of an employee RSU and PSU received one MSG Entertainment RSU or PSU in respect of every one Company RSU or PSU owned on the Record Date and continues to be entitled to one share of the Company’s Class A Common Stock for each Company RSU or PSU in accordance with the existing award agreement, (ii) one share of MSG Entertainment Class A Common Stock was issued under the MSG Entertainment Non-Employee Director Plan in respect of every one RSU outstanding under the Company’s 2020 Stock Plan for Non-Employee Directors, which remain outstanding and continue to be entitled to a share of the Company’s Class A Common Stock in accordance with the existing award agreement, and (iii) each option to purchase the Company’s Class A Common Stock became two options: one option to acquire MSG Entertainment Class A Common Stock and one option to acquire the Company’s Class A Common Stock. The existing exercise price was allocated between the Company’s options and the new MSG Entertainment options based upon the weighted average price of each of our Class A Common Stock and MSG Entertainment Class A Common Stock over the ten trading days immediately following the MSGE Distribution as reported by Bloomberg, and the underlying share amount was consistent with the one-to-one distribution ratio in the MSGE Distribution. Other than the split of the options and the allocation of the existing exercise price, there were no additional adjustments to existing options in connection with the MSGE Distribution.

The Company’s RSUs/PSUs and/or stock options held by individuals who are solely employees of MSG Sports or MSG Entertainment are not expensed by the Company; however, such RSUs/PSUs and/or stock options do have a dilutive effect on earnings (loss) per share available to the Company’s common stockholders.

The following table summarizes the Company’s share-based compensation expense for Fiscal Years 2024, 2023 and 2022:

|                                         | Fiscal Year Ended |           |           |
|-----------------------------------------|-------------------|-----------|-----------|
|                                         | June 30,          |           |           |
|                                         | 2024              | 2023      | 2022      |
| Share-based compensation <sup>(a)</sup> | \$ 47,382         | \$ 42,607 | \$ 56,760 |

<sup>(a)</sup> Share-based compensation excludes costs that have been capitalized of \$2,193, \$3,642, and \$2,979 for Fiscal Years 2024, 2023 and 2022, respectively. For Fiscal Years 2024, 2023 and 2022, share-based compensation also excludes costs of \$1,166, \$8,118, and \$4,254, respectively, that have been reclassified to Restructuring charges in the consolidated statements of operations, as detailed in Note 5., Restructuring Charges.

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*RSU and PSU Award Activity*

The following table summarizes activity related to the Company's RSUs and PSUs, held by the Company, MSG Sports and MSG Entertainment employees for Fiscal Year 2024:

|                                            | Number of |       | Weighted-Average Grant-date Fair Value |
|--------------------------------------------|-----------|-------|----------------------------------------|
|                                            | RSUs      | PSUs  |                                        |
| Unvested award balance as of June 30, 2023 | 1,140     | 1,179 | \$ 63.74                               |
| Granted                                    | 626       | 439   | \$ 36.94                               |
| Vested <sup>(a)</sup>                      | (660)     | (338) | \$ 37.48                               |
| Forfeited                                  | (68)      | (85)  | \$ 31.99                               |
| Unvested award balance as of June 30, 2024 | 1,038     | 1,195 | \$ 64.90                               |

(a) The fair value of RSUs and PSUs that vested and were distributed during Fiscal Year 2024 was \$45,263. Upon delivery, RSUs and PSUs granted under the Employee Stock Plan and the MSG Networks Employee Stock Plan were net share-settled to cover the required statutory tax withholding obligations. To fulfill the employees' statutory minimum tax withholding obligations for the applicable income and other employment taxes, 431 awards, with an aggregate value of \$15,996 were retained by the Company during Fiscal Year 2024.

As of June 30, 2024, there was \$88,753 of unrecognized compensation cost related to unvested RSUs and PSUs held by the Company's employees. The cost is expected to be recognized over a weighted-average period of approximately 2.1 years. Additionally, there was no unrecognized compensation cost related to unvested stock options held by the Company's employees.

The following table summarizes additional information about RSUs and PSUs:

|                                                                    | Years Ended June 30, |           |           |
|--------------------------------------------------------------------|----------------------|-----------|-----------|
|                                                                    | 2024                 | 2023      | 2022      |
| Weighted average grant date fair value per share of awards granted | \$ 36.94             | \$ 50.81  | \$ 79.34  |
| Fair value of awards vested                                        | \$ 45,263            | \$ 42,467 | \$ 39,530 |

*Stock Options Award Activity*

Compensation expense for the Company's existing stock options is determined based on the grant date fair value of the award calculated using the Black-Scholes options-pricing model. Stock options generally cliff-vest after a three year service period and expire 7.5 to 10 years from the date of grant.

The following table summarizes activity related to the Company's stock options for Fiscal Year 2024:

|                                           | Number of Stock Options | Weighted-Average Exercise Price Per Share | Weighted-Average Remaining Contractual Term (In Years) | Aggregate Intrinsic Value |
|-------------------------------------------|-------------------------|-------------------------------------------|--------------------------------------------------------|---------------------------|
| Balance as of June 30, 2023               | 724                     | \$ 48.03                                  |                                                        |                           |
| Options granted during Fiscal Year 2024   | 3,819                   | \$ 46.17                                  |                                                        |                           |
| Options exercised during Fiscal Year 2024 | (184)                   | \$ 48.06                                  |                                                        |                           |
| Options forfeited during Fiscal Year 2024 | (432)                   | \$ 46.17                                  |                                                        |                           |
| Balance as of June 30, 2024               | 3,927                   | \$ 51.51                                  | 8.32                                                   | \$ 497                    |
| Exercisable as of June 30, 2024           | 540                     | \$ 48.08                                  | 2.06                                                   | \$ 497                    |

Effective as of the 2020 Entertainment Distribution, the Company adopted two share-based compensation plans: the 2020 Employee Stock Plan (the "Employee Stock Plan") and the 2020 Stock Plan for Non-Employee Directors (the "Non-Employee Director Plan").

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Under the Employee Stock Plan, the Company is authorized to grant incentive stock options, non-qualified stock options, restricted shares, RSUs, stock appreciation rights and other equity-based awards. The Company may grant awards for up to 4,500 shares of Class A Common Stock (subject to certain adjustments). Options and stock appreciation rights under the Employee Stock Plan must be granted with an exercise price of not less than the fair market value of a share of Class A Common Stock on the date of grant and must expire no later than 10 years from the date of grant (or up to one additional year in the case of the death of a holder). The terms and conditions of awards granted under the Employee Stock Plan, including vesting and exercisability, were determined by the Compensation Committee of the Board of Directors (“Compensation Committee”) and included terms or conditions based upon performance criteria. RSUs that were awarded by the Company to its employees will settle in shares of Class A Common Stock (either from treasury or with newly issued shares), or, at the option of the Compensation Committee, in cash.

Under the Non-Employee Director Plan, the Company is authorized to grant non-qualified stock options, RSUs, restricted shares, stock appreciation rights and other equity-based awards. The Company may grant awards for up to 250 shares of Class A Common Stock (subject to certain adjustments). Options under the Non-Employee Director Plan must be granted with an exercise price of not less than the fair market value of a share of Class A Common Stock on the date of grant and must expire no later than 10 years from the date of grant (or up to one additional year in the case of the death of a holder). The terms and conditions of awards granted under the Non-Employee Director Plan, including vesting and exercisability, were determined by the Compensation Committee. Unless otherwise provided in an applicable award agreement, options granted under this plan will be fully vested and exercisable upon the date of grant. Unless otherwise provided in an applicable award agreement, RSUs granted under this plan will be fully vested upon the date of grant and will settle in shares of Class A Common Stock (either from treasury or with newly issued shares), or, at the option of the Compensation Committee, in cash, on the first business day after ninety days from the date the director incurs a separation from service or, if earlier, upon the director’s death.

*SARs Award Activity*

Compensation expense for the Company’s SARs is determined based on mark-to-market valuation of the awards calculated using the Black-Scholes options-pricing model. SARs generally cliff-vest after a three year service period.

The following table summarizes activity related to the Company’s SARs for Fiscal Year 2024:

|                                      | Number of<br>SARs | Weighted-<br>Average Price | Weighted-<br>Average<br>Remaining<br>Contractual<br>Term (In<br>Years) | Aggregate<br>Intrinsic Value |
|--------------------------------------|-------------------|----------------------------|------------------------------------------------------------------------|------------------------------|
| Balance as of June 30, 2023          | —                 | \$ —                       |                                                                        |                              |
| SARs granted during Fiscal Year 2024 | 188               | \$ 46.17                   |                                                                        |                              |
| Balance as of June 30, 2024          | 188               | \$ 46.17                   | 2.31                                                                   | \$ —                         |
| Exercisable as of June 30, 2024      | —                 | \$ —                       |                                                                        |                              |

**Note 16. Equity**

**Stock Repurchase Program**

On March 31, 2020, the Company’s Board of Directors authorized the repurchase of up to \$350,000 of the Company’s Class A Common Stock. The program was re-authorized by the Company’s Board of Directors on March 29, 2023. Under the authorization, shares of Class A Common Stock may be purchased from time to time in accordance with applicable insider trading and other securities laws and regulations. The timing and amount of purchases will depend on market conditions and other factors. The Company has not engaged in any share repurchase activities under its share repurchase program to date.

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**Accumulated Other Comprehensive Loss**

The following table details the components of accumulated other comprehensive loss:

|                                                                               | Pension Plans<br>and<br>Postretirement<br>Plan | Cumulative<br>Translation<br>Adjustments | Accumulated<br>Other<br>Comprehensive<br>Loss |
|-------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------|-----------------------------------------------|
| Balance as of June 30, 2023                                                   | \$ (5,138)                                     | \$ 200                                   | \$ (4,938)                                    |
| Other comprehensive loss:                                                     |                                                |                                          |                                               |
| Other comprehensive loss before reclassifications                             | —                                              | (1,851)                                  | (1,851)                                       |
| Amounts reclassified from accumulated other comprehensive loss <sup>(a)</sup> | (539)                                          | —                                        | (539)                                         |
| Income tax benefit                                                            | 143                                            | 618                                      | 761                                           |
| Other comprehensive loss, total                                               | (396)                                          | (1,233)                                  | (1,629)                                       |
| Balance as of June 30, 2024                                                   | <u>\$ (5,534)</u>                              | <u>\$ (1,033)</u>                        | <u>\$ (6,567)</u>                             |
|                                                                               |                                                |                                          |                                               |
|                                                                               | Pension Plans<br>and<br>Postretirement<br>Plan | Cumulative<br>Translation<br>Adjustments | Accumulated<br>Other<br>Comprehensive<br>Loss |
| Balance as of June 30, 2022                                                   | \$ (40,287)                                    | \$ (8,068)                               | \$ (48,355)                                   |
| Other comprehensive income:                                                   |                                                |                                          |                                               |
| Other comprehensive income before reclassifications                           | —                                              | 6,656                                    | 6,656                                         |
| Amounts reclassified from accumulated other comprehensive loss <sup>(a)</sup> | 1,755                                          | —                                        | 1,755                                         |
| Income tax expense                                                            | (323)                                          | (1,212)                                  | (1,535)                                       |
| Other comprehensive income, total                                             | 1,432                                          | 5,444                                    | 6,876                                         |
| Disposition of Tao Group Hospitality                                          | —                                              | 2,824                                    | 2,824                                         |
| Distribution of MSG Entertainment                                             | 33,717                                         | —                                        | 33,717                                        |
| Balance as of June 30, 2023                                                   | <u>\$ (5,138)</u>                              | <u>\$ 200</u>                            | <u>\$ (4,938)</u>                             |
|                                                                               |                                                |                                          |                                               |
|                                                                               | Pension Plans<br>and<br>Postretirement<br>Plan | Cumulative<br>Translation<br>Adjustments | Accumulated<br>Other<br>Comprehensive<br>Loss |
| Balance as of June 30, 2021                                                   | \$ (45,425)                                    | \$ 15,153                                | \$ (30,272)                                   |
| Other comprehensive income (loss):                                            |                                                |                                          |                                               |
| Other comprehensive loss before reclassifications                             | —                                              | (25,034)                                 | (25,034)                                      |
| Amounts reclassified from accumulated other comprehensive loss <sup>(a)</sup> | 2,734                                          | —                                        | 2,734                                         |
| Income tax benefit                                                            | 2,404                                          | 1,813                                    | 4,217                                         |
| Other comprehensive income (loss), total                                      | 5,138                                          | (23,221)                                 | (18,083)                                      |
| Balance as of June 30, 2022                                                   | <u>\$ (40,287)</u>                             | <u>\$ (8,068)</u>                        | <u>\$ (48,355)</u>                            |

<sup>(a)</sup> Amounts reclassified from accumulated other comprehensive loss represent curtailments, settlement losses recognized, the amortization of net actuarial gain (loss) and net unrecognized prior service credit included in net periodic benefit cost, which is reflected under Other income (expense), net in the accompanying consolidated statements of operations (see Note 14. Pension Plans and Other Postretirement Benefit Plan).

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**Note 17. Income Taxes**

Income tax benefit (expense) attributable to continuing operations is comprised of the following components:

|                              | Years Ended June 30, |                     |                  |
|------------------------------|----------------------|---------------------|------------------|
|                              | 2024                 | 2023                | 2022             |
| Current benefit (expense):   |                      |                     |                  |
| Federal                      | \$ 8,200             | \$ 1,389            | \$ 1,555         |
| State and other              | (5,148)              | (4,672)             | 9,927            |
|                              | 3,052                | (3,283)             | 11,482           |
| Deferred benefit (expense):  |                      |                     |                  |
| Federal                      | 93,322               | (59,253)            | 17,665           |
| State and other              | 39,218               | (40,867)            | 683              |
|                              | 132,540              | (100,120)           | 18,348           |
| Income tax benefit (expense) | <u>\$ 135,592</u>    | <u>\$ (103,403)</u> | <u>\$ 29,830</u> |

The income tax benefit (expense) attributable to continuing operations differs from the amount derived by applying the statutory federal rate to pre-tax income (loss) principally due to the effect of the following items:

|                                                                              | Years Ended June 30, |                     |                  |
|------------------------------------------------------------------------------|----------------------|---------------------|------------------|
|                                                                              | 2024                 | 2023                | 2022             |
| Federal tax benefit (expense) at statutory federal rate                      | 75,648               | (57,840)            | 35,213           |
| State income taxes, net of federal benefit                                   | 13,337               | (35,656)            | 3,970            |
| Change in the estimated applicable tax rate used to determine deferred taxes | 60,877               | (1,286)             | 1,732            |
| Change in valuation allowance                                                | (29,189)             | 2,053               | 2,200            |
| Nondeductible officers' compensation                                         | (5,554)              | (4,814)             | (12,759)         |
| Nondeductible expenses                                                       | (1,564)              | (291)               | (172)            |
| Nontaxable gain on repayment of Term Loan                                    | 13,757               | —                   | —                |
| Return to provision                                                          | 4,881                | (672)               | —                |
| Excess tax benefit related to share-based payment awards                     | 974                  | (4,678)             | (320)            |
| Other                                                                        | 2,425                | (219)               | (34)             |
| Income tax benefit (expense)                                                 | <u>\$ 135,592</u>    | <u>\$ (103,403)</u> | <u>\$ 29,830</u> |

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The tax effects of temporary differences which give rise to significant portions of the deferred tax assets and liabilities at June 30, 2024 and 2023 are as follows:

|                                                      | As of            |                  |
|------------------------------------------------------|------------------|------------------|
|                                                      | June 30,<br>2024 | June 30,<br>2023 |
| Deferred tax asset:                                  |                  |                  |
| Net operating loss (“NOL”) carryforwards             | \$ 229,962       | \$ 26,684        |
| Tax credit carryforwards                             | 631              | —                |
| Accrued employee benefits                            | 27,601           | 27,349           |
| Restricted stock units and stock options             | 6,897            | 9,231            |
| Right-of-use lease assets and lease liabilities, net | 10,309           | 11,040           |
| Investments                                          | 7,941            | —                |
| Accrued litigation                                   | 4,712            | 14,991           |
| Other                                                | 12,956           | 3,694            |
| Total deferred tax assets                            | \$ 301,009       | \$ 92,989        |
| Less valuation allowance                             | (29,219)         | (30)             |
| Net deferred tax assets                              | \$ 271,790       | \$ 92,959        |
| Deferred tax liabilities:                            |                  |                  |
| Intangible and other assets                          | \$ (232,923)     | \$ (264,800)     |
| Property and equipment                               | (235,676)        | (105,405)        |
| Prepaid expenses                                     | (2,913)          | (5,870)          |
| Deferred interest                                    | (25,447)         | (12,474)         |
| Other investments                                    | —                | (83,962)         |
| Total deferred tax liabilities                       | \$ (496,959)     | \$ (472,511)     |
| Deferred tax liabilities, net                        | \$ (225,169)     | \$ (379,552)     |

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company’s ability to realize its deferred tax assets depends upon the generation of sufficient future taxable income to allow for the utilization of its federal net operating loss carryforward and its future deductible temporary differences. As of June 30, 2024, based on current facts and circumstances, management believes that it is more likely than not that the Company will not realize its deferred tax assets related to foreign NOLs. The Company will continue to assess the realizability of its deferred tax assets on a quarterly basis.

The federal NOL carryforward as of June 30, 2024 was approximately \$927,000 and is carried forward indefinitely.

Prior to the MSGE Distribution, the Company and MSG Entertainment entered into a Tax Disaffiliation Agreement (“TDA”) that governs the parties’ respective rights, responsibilities and obligations with respect to taxes and tax benefits. Under the TDA, the Company will generally be responsible for all U.S. federal, state, local and other applicable income taxes of the Company for any taxable period or portion of such period ending on or before the MSGE Distribution Date.

The Company does not have any recorded tax benefit for uncertain tax positions as of June 30, 2024 and 2023.

Income tax payments (refunds), net, were \$18,649, \$7,288 and \$(1,014) for Fiscal Years 2024, 2023 and 2022, respectively.

**Note 18. Related Party Transactions**

As of June 30, 2024, certain members of the Dolan family, including certain trusts for the benefit of members of the Dolan family (collectively, the “Dolan Family Group”), for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, collectively beneficially owned 100% of the Company’s outstanding Class B Common Stock and approximately 6.5% of the Company’s outstanding Class A Common Stock (inclusive of options exercisable within 60 days of June 30, 2024). Such shares of Class A Common Stock and Class B Common Stock, collectively, represent approximately 72.3% of the aggregate voting power of

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Company's outstanding common stock. Members of the Dolan family are also the controlling stockholders of MSG Entertainment, MSG Sports and AMC Networks Inc. ("AMC Networks").

***Related Party Arrangements Following the MSGE Distribution***

The Company is party to the following agreements and/or arrangements with MSG Entertainment and MSG Sports, as applicable:

- Media rights agreements with MSG Sports pursuant to which the Company has the exclusive live media rights to Knicks and Rangers games in their local markets;
- MSGE TSA pursuant to which the Company receives certain services from MSG Entertainment, such as information technology, security, accounts payable, payroll, tax, certain legal functions, human resources, insurance and risk management, government affairs, investor relations, corporate communications, benefit plan administration and reporting, and internal audit functions as well as certain marketing functions, in exchange for service fees. The Company also provides certain services to MSG Entertainment, including studio and corporate technology services, in exchange for service fees;
- Other agreements with MSG Entertainment entered into in connection with the MSGE Distribution, including a distribution agreement, a tax disaffiliation agreement, an employee matters agreement, a trademark license agreement and certain other arrangements;
- Arrangements with (i) MSG Entertainment, pursuant to which MSG Entertainment provides certain sponsorship-related account management services to the Company in exchange for service fees, and (ii) MSG Sports, pursuant to which MSG Sports provides certain business operations services to the Company in exchange for service fees;
- Arrangements with MSG Sports and MSG Entertainment pursuant to which the Company has certain sponsorship rights;
- Arrangements with MSG Entertainment and MSG Sports, pursuant to which (i) the Company has the right to lease on a "time-sharing" basis certain aircraft to which the MSG Entertainment has access, (ii) the Company has the right to dry lease certain aircraft leased by MSG Sports and (iii) MSG Entertainment provides certain aircraft support services. The Company, MSG Entertainment, and MSG Sports have agreed to allocate expenses in connection with the use by each company (or their executives) of aircraft leased by MSG Entertainment and MSG Sports; and
- Other agreements with MSG Sports entered into in connection with the 2020 Entertainment Distribution such as a distribution agreement, a tax disaffiliation agreement, an employee matters agreement, and certain other arrangements.

Further, the Company shares certain executive support costs, including office space, executive assistants, security and transportation costs, for (i) the Company's Executive Chairman and Chief Executive Officer with MSG Entertainment and MSG Sports, (ii) the Company's Vice Chairman with MSG Entertainment, MSG Sports and AMC Networks and (iii) the Company's Executive Vice President with MSG Sports and AMC Networks. Additionally, the Company, MSG Entertainment, MSG Sports and AMC Networks have agreed on an allocation of the costs of certain other aircraft, including helicopter, use by shared executives. In addition, the Company, through its MSG Networks segment, has also entered into various agreements with AMC Networks with respect to a number of ongoing commercial relationships.

Prior to April 1, 2024, the Company was also party to arrangements with MSG Sports, pursuant to which MSG Sports provided certain sponsorship services to the Company in exchange for service fees. Following the MSGE Distribution, the Company was also party to the DDTL Facility with MSG Entertainment that provided for a \$65,000 senior unsecured delayed draw term loan facility. The DDTL Facility was fully drawn on July 14, 2023, and on August 9, 2023, the Company repaid all amounts outstanding under the DDTL Facility (including accrued interest and commitment fees) using a portion of the MSGE Retained Interest. See Note 13. Credit Facilities and Convertible Notes for more information.

From time to time the Company enters into arrangements with 605, LLC. Kristin Dolan, a director of the Company and the spouse of James L. Dolan, the Executive Chairman and Chief Executive Officer of the Company, founded and was the Chief Executive Officer of 605, an audience measurement and data analytics company in the media and entertainment industries, until February 2023. On September 13, 2023, 605 was sold to iSpot.tv, and James L. Dolan and Kristin A. Dolan now hold a minority interest in iSpot.tv. As a result, from and after September 13, 2023, 605 is no longer considered to be a related party.

The Company has also entered into certain commercial agreements with its equity method investment nonconsolidated affiliates in connection with Sphere. For Fiscal Years 2024, 2023 and 2022 the Company recorded \$8,311, \$93,823, and \$121,115 respectively, of capital expenditures in connection with services provided to the Company under these agreements. The Company recorded commission expense of \$5,618 for the year ended June 30, 2024, and did not record any commission expense for the years ended June

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30, 2023 and 2022, in connection with sponsorship sales services provided under certain of these arrangements. As of June 30, 2024, 2023 and 2022 accrued capital expenditures associated with related parties were \$17,712, \$13,412, and \$25,028 respectively, and were reported in Accrued and other current liabilities in the accompanying consolidated balance sheets. As of June 30, 2024 prepaid expenses associated with related parties were \$1,882 and were reported in Prepaid expenses and other current assets in the accompanying consolidated balance sheets. As of June 30, 2023 there were no prepaid expenses associated with related parties reported in the accompanying consolidated balance sheets.

***Related Party Arrangements Prior to the MSGE Distribution***

Following the MSGE Distribution, except as otherwise noted, the Company is no longer party to the arrangements described below. However, the amounts associated with such arrangements are reflected in the Company's results of operations for the periods prior to the MSGE Distribution.

The Company was party to a services agreement (the "MSG Sports Services Agreement") pursuant to which the Company provided certain corporate and other services to MSG Sports, such as information technology, security, accounts payable, payroll, tax, certain legal functions, human resources, insurance and risk management, government affairs, investor relations, corporate communications, benefit plan administration and reporting, and internal audit functions as well as certain marketing functions, in exchange for service fees. MSG Sports also provided certain services to the Company, including certain legal functions, communications, ticket sales and certain operational and marketing services, in exchange for service fees. This agreement was assigned to MSG Entertainment.

The Company also shared certain executive support costs, including office space, executive assistants, security and transportation costs, for (i) the Company's Executive Chairman and Chief Executive Officer with MSG Sports and (ii) the Company's Vice Chairman with MSG Sports and AMC Networks. Prior to April 1, 2022, the Company also shared costs for the Company's former President with MSG Sports. Following the MSGE Distribution, the Company also shares these expenses with MSG Entertainment. See "*— Related Party Arrangements Following the MSGE Distribution.*"

The Company was a party to various aircraft arrangements, which were assigned to MSG Entertainment in connection with the MSGE Distribution. The Company was party to reciprocal time sharing/dry lease agreements with Charles F. Dolan and Sterling2k LLC (collectively, "CFD"), an entity owned and controlled by Deborah Dolan-Sweeney, the daughter of Charles F. Dolan and the sister of James L. Dolan, pursuant to which the Company had agreed from time to time to make its aircraft available to CFD and CFD had agreed from time to time to make their aircraft available to the Company. Pursuant to the terms of the agreements, CFD could lease on a non-exclusive, "time sharing" basis, certain Company aircraft.

The Company was also party to a dry lease agreement and a time sharing agreement with Brighid Air, LLC ("Brighid Air"), a company owned and controlled by Patrick F. Dolan, the son of Charles F. Dolan and the brother of James L. Dolan, pursuant to which Brighid Air had agreed from time to time to make its Bombardier BD100-1A10 Challenger 350 aircraft (the "Challenger") available to the Company on a non-exclusive basis. In connection with the dry lease agreement, the Company also entered into a Flight Crew Services Agreement (the "Flight Crew Agreement") with Dolan Family Office, LLC ("DFO"), an entity owned and controlled by Charles F. Dolan, pursuant to which the Company could utilize pilots employed by DFO for purposes of flying the Challenger when the Company was leasing that aircraft under the Company's dry lease agreement with Brighid Air.

Pursuant to certain aircraft support services agreements (the "Support Agreements"), the Company provided certain aircraft support services to (i) Charles F. Dolan, a director, and certain of his children, including James L. Dolan, the Company's Executive Chairman, Chief Executive Officer and a director, Deborah Dolan-Sweeney, Patrick F. Dolan, Marianne Dolan Weber (a director of the Company), and Kathleen M. Dolan, and (ii) an entity controlled by Patrick F. Dolan, the son of Charles F. Dolan and brother of James L. Dolan.

Prior to December 21, 2021, the Company was also party to (i) a reciprocal time sharing/dry lease agreement with Quart 2C, LLC ("Q2C"), a company controlled by James L. Dolan and Kristin A. Dolan, his spouse and a director of the Company, pursuant to which the Company from time to time made its aircraft available to Q2C, and Q2C, from time to time made its aircraft available to the Company, and (ii) an aircraft support services agreement with an entity controlled by James L. Dolan, pursuant to which the Company provided certain aircraft support services. These agreements were no longer effective as of December 21, 2021.

The Company and each of MSG Sports and AMC Networks were party to certain aircraft time sharing agreements, pursuant to which the Company had agreed from time to time to make aircraft available to MSG Sports and/or AMC Networks for lease on a "time sharing" basis. Additionally, the Company, MSG Sports and AMC Networks had agreed on an allocation of the costs of certain aircraft and helicopter use by their shared executives.

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In addition to the aircraft arrangements described above, certain executives of the Company were party to aircraft time sharing agreements, pursuant to which the Company had agreed from time to time to make certain aircraft available for lease on a “time sharing” basis for personal use in exchange for payment of actual expenses of the flight (as listed in the agreement).

**Revenues and Operating Expenses**

The following table summarizes the composition and amounts of the transactions with the Company’s related parties. The significant components of these amounts are discussed below. These amounts are reflected in revenues and operating expenses in the accompanying consolidated statements of operations for Fiscal Years 2024, 2023 and 2022:

|                                                                              | Years Ended June 30, |                     |                     |
|------------------------------------------------------------------------------|----------------------|---------------------|---------------------|
|                                                                              | 2024                 | 2023                | 2022                |
| Revenues                                                                     | \$ 3,585             | \$ 2,079            | \$ 1,220            |
| Operating (expenses) credits:                                                |                      |                     |                     |
| Media rights fees                                                            | \$ (175,462)         | \$ (172,581)        | \$ (163,131)        |
| Cost reimbursement from MSG Sports - MSG Sports Services Agreement           | —                    | 29,836              | 38,254              |
| Corporate general and administrative expenses, net - MSGE TSA <sup>(a)</sup> | (110,966)            | (27,494)            | —                   |
| Origination, master control and technical services                           | (5,079)              | (4,982)             | (4,880)             |
| Other operating expenses, net <sup>(b)</sup>                                 | (18,017)             | (261)               | (952)               |
| Total operating expenses, net <sup>(c)</sup>                                 | <u>\$ (309,524)</u>  | <u>\$ (175,482)</u> | <u>\$ (130,709)</u> |

(a) Included in the year ended June 30, 2024, Corporate general and administrative expenses, net - MSGE TSA is \$3,363 related to Restructuring charges for employees who provided services to the Company under the MSGE TSA.

(b) Other operating expenses, net, includes CPC commission expenses, reimbursements to MSG Entertainment for professional and payroll fees, and charges relating to aircraft arrangements described above.

(c) Of the total operating (expenses) credits, net, \$(182,051), \$(206,804) and \$(167,928) for Fiscal Years 2024, 2023 and 2022, respectively, are included in direct operating expenses in the accompanying consolidated statements of operations, and \$(127,473), \$31,322 and \$37,219 for Fiscal Years 2024, 2023 and 2022, respectively, are included in selling, general and administrative expenses.

**Note 19. Segment Information**

As of June 30, 2024, the Company was comprised of two reportable segments: Sphere and MSG Networks. The Company takes into account whether two or more operating segments can be aggregated together as one reportable segment as well as the type of discrete financial information that is available and regularly reviewed by its Chief Operating Decision Maker.

The Company incurs non-capitalizable content development and technology costs associated with the Company’s Sphere business, which are reported in the Sphere segment. Sphere also includes other expenses such as (a) corporate and supporting department operating costs that are attributable to Sphere development, including charges under the MSGE TSA and (b) non-event related operating expenses such as (i) insurance, (ii) utilities, (iii) repairs and maintenance, (iv) labor related to the overall management of Sphere segment and (v) depreciation and amortization expense related to certain corporate property, equipment and leasehold improvements.

The Company evaluates segment performance based on several factors, of which the key financial measure is adjusted operating income (loss), a non-GAAP financial measure. We define adjusted operating income (loss) as operating income (loss) excluding:

- (i) depreciation, amortization and impairments of property and equipment, goodwill and intangible assets,
- (ii) amortization for capitalized cloud computing arrangement costs,
- (iii) share-based compensation expense,
- (iv) restructuring charges or credits,
- (v) merger and acquisition-related costs, net of insurance recoveries,
- (vi) gains or losses on sales or dispositions of businesses and associated settlements,
- (vii) the impact of purchase accounting adjustments related to business acquisitions, and
- (viii) gains and losses related to the remeasurement of liabilities under the Company’s Executive Deferred Compensation Plan (which was established in November 2021).

The Company believes that the exclusion of share-based compensation expense or benefit allows investors to better track the performance of the Company’s business without regard to the settlement of an obligation that is not expected to be made in cash. The Company eliminates merger and acquisition-related costs, when applicable, because the Company does not consider such costs to be

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indicative of the ongoing operating performance of the Company as they result from an event that is of a non-recurring nature, thereby enhancing comparability. In addition, management believes that the exclusion of gains and losses related to the remeasurement of liabilities under the Company's Executive Deferred Compensation Plan provides investors with a clearer picture of the Company's operating performance given that, in accordance with GAAP, gains and losses related to the remeasurement of liabilities under the Company's Executive Deferred Compensation Plan are recognized in Operating loss (income) whereas gains and losses related to the remeasurement of the assets under the Company's Executive Deferred Compensation Plan, which are equal to and therefore fully offset the gains and losses related to the remeasurement of liabilities, are recognized in Other income (expense), net, which is not reflected in Operating loss (income).

The Company believes adjusted operating income (loss) is an appropriate measure for evaluating the operating performance of its business segments and the Company on a consolidated basis. Adjusted operating income (loss) and similar measures with similar titles are common performance measures used by investors and analysts to analyze the Company's performance. The Company uses revenues and adjusted operating income (loss) measures as the most important indicators of its business performance, and evaluates management's effectiveness with specific reference to these indicators.

Adjusted operating income (loss) should be viewed as a supplement to and not a substitute for operating income (loss), net income (loss), cash flows from operating activities, and other measures of performance and/or liquidity presented in accordance with GAAP. Since adjusted operating income (loss) is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similar measures with similar titles used by other companies. The Company has presented the components that reconcile operating income (loss), the most directly comparable GAAP financial measure, to adjusted operating income (loss).

Information as to the operations of the Company's reportable segments is set forth below.

|                                              | Year Ended June 30, 2024 |              |                     |
|----------------------------------------------|--------------------------|--------------|---------------------|
|                                              | Sphere                   | MSG Networks | Total               |
| Revenues                                     | \$ 497,159               | \$ 529,730   | \$ 1,026,889        |
| Direct operating expenses                    | (205,307)                | (342,517)    | (547,824)           |
| Selling, general and administrative expenses | (393,039)                | (39,814)     | (432,853)           |
| Depreciation and amortization                | (248,248)                | (8,246)      | (256,494)           |
| Impairment and other losses, net             | (121,473)                | —            | (121,473)           |
| Restructuring charges                        | (9,476)                  | (10)         | (9,486)             |
| Operating (loss) income                      | (480,384)                | 139,143      | (341,241)           |
| Interest income                              |                          |              | 25,687              |
| Interest expense                             |                          |              | (79,868)            |
| Other income, net                            |                          |              | 35,197              |
| Loss from operations before income taxes     |                          |              | <u>\$ (360,225)</u> |

**Reconciliation of operating (loss) income to adjusted operating (loss) income:**

|                                                                   |                    |                   |                  |
|-------------------------------------------------------------------|--------------------|-------------------|------------------|
| Operating (loss) income                                           | \$ (480,384)       | \$ 139,143        | \$ (341,241)     |
| Add back:                                                         |                    |                   |                  |
| Share-based compensation                                          | 40,514             | 6,330             | 46,844           |
| Depreciation and amortization                                     | 248,248            | 8,246             | 256,494          |
| Restructuring charges                                             | 9,476              | 10                | 9,486            |
| Impairment and other losses, net                                  | 121,473            | —                 | 121,473          |
| Merger and acquisition related costs, net of insurance recoveries | (1,176)            | (11,542)          | (12,718)         |
| Amortization for capitalized cloud computing costs                | —                  | 87                | 87               |
| Remeasurement of deferred compensation plan liabilities           | 306                | —                 | 306              |
| Adjusted operating (loss) income                                  | <u>\$ (61,543)</u> | <u>\$ 142,274</u> | <u>\$ 80,731</u> |

**Other information:**

|                      |            |          |            |
|----------------------|------------|----------|------------|
| Capital expenditures | \$ 259,642 | \$ 6,555 | \$ 266,197 |
|----------------------|------------|----------|------------|

**SPHERE ENTERTAINMENT CO.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

|                                              | Year Ended June 30, 2023 |               |                   |
|----------------------------------------------|--------------------------|---------------|-------------------|
|                                              | Sphere                   | MSG Networks  | Total             |
| Revenues                                     | \$ 2,610                 | \$ 571,221    | \$ 573,831        |
| Direct operating expenses                    | (5,545)                  | (336,666)     | (342,211)         |
| Selling, general and administrative expenses | (325,660)                | (126,482)     | (452,142)         |
| Depreciation and amortization                | (24,048)                 | (6,668)       | (30,716)          |
| Impairment and other gains (losses), net     | 6,229                    | (109)         | 6,120             |
| Restructuring charges                        | (23,136)                 | (4,788)       | (27,924)          |
| Operating (loss) income                      | <u>(369,550)</u>         | <u>96,508</u> | <u>(273,042)</u>  |
| Interest income                              |                          |               | 11,585            |
| Interest expense                             |                          |               | —                 |
| Other income, net                            |                          |               | 536,887           |
| Income from operations before income taxes   |                          |               | <u>\$ 275,430</u> |

|                                                                                       |                     |                   |                     |
|---------------------------------------------------------------------------------------|---------------------|-------------------|---------------------|
| <b>Reconciliation of operating (loss) income to adjusted operating (loss) income:</b> |                     |                   |                     |
| Operating (loss) income                                                               | \$ (369,550)        | \$ 96,508         | \$ (273,042)        |
| Add back:                                                                             |                     |                   |                     |
| Share-based compensation                                                              | 36,188              | 6,419             | 42,607              |
| Depreciation and amortization                                                         | 24,048              | 6,668             | 30,716              |
| Restructuring charges                                                                 | 23,136              | 4,788             | 27,924              |
| Impairment and other (gains) losses, net                                              | (6,229)             | 109               | (6,120)             |
| Merger and acquisition related costs                                                  | (189)               | 55,236            | 55,047              |
| Amortization for capitalized cloud computing costs                                    | —                   | 161               | 161                 |
| Remeasurement of deferred compensation plan liabilities                               | 187                 | —                 | 187                 |
| Adjusted operating (loss) income                                                      | <u>\$ (292,409)</u> | <u>\$ 169,889</u> | <u>\$ (122,520)</u> |

|                      |              |          |              |
|----------------------|--------------|----------|--------------|
| Other information:   |              |          |              |
| Capital expenditures | \$ 1,025,700 | \$ 9,185 | \$ 1,034,885 |

**SPHERE ENTERTAINMENT CO.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

|                                              | Year Ended June 30, 2022 |              |                     |
|----------------------------------------------|--------------------------|--------------|---------------------|
|                                              | Sphere                   | MSG Networks | Total               |
| Revenues                                     | \$ 1,900                 | \$ 608,155   | \$ 610,055          |
| Direct operating expenses                    | —                        | (320,278)    | (320,278)           |
| Selling, general and administrative expenses | (293,664)                | (126,129)    | (419,793)           |
| Depreciation and amortization                | (13,168)                 | (9,394)      | (22,562)            |
| Impairment and other gains                   | 245                      | —            | 245                 |
| Restructuring charges                        | (12,952)                 | (452)        | (13,404)            |
| Operating (loss) income                      | (317,639)                | 151,902      | (165,737)           |
| Interest income                              |                          |              | 3,575               |
| Interest expense                             |                          |              | —                   |
| Other expense, net                           |                          |              | (5,518)             |
| Loss from operations before income taxes     |                          |              | <u>\$ (167,680)</u> |

**Reconciliation of operating (loss) income to adjusted operating (loss) income:**

|                                                    |                     |                   |                    |
|----------------------------------------------------|---------------------|-------------------|--------------------|
| Operating (loss) income                            | \$ (317,639)        | \$ 151,902        | (165,737)          |
| Add back:                                          |                     |                   |                    |
| Share-based compensation                           | 39,668              | 17,092            | 56,760             |
| Depreciation and amortization                      | 13,168              | 9,394             | 22,562             |
| Restructuring charges                              | 12,952              | 452               | 13,404             |
| Impairment and other gains                         | (245)               | —                 | (245)              |
| Merger and acquisition related costs               | 20,834              | 27,683            | 48,517             |
| Amortization for capitalized cloud computing costs | 95                  | 176               | 271                |
| Adjusted operating (loss) income                   | <u>\$ (231,167)</u> | <u>\$ 206,699</u> | <u>\$ (24,468)</u> |

Other information:

|                      |            |          |            |
|----------------------|------------|----------|------------|
| Capital expenditures | \$ 717,093 | \$ 3,673 | \$ 720,766 |
|----------------------|------------|----------|------------|

Accounts receivable, net on the accompanying consolidated balance sheets as of June 30, 2024 and 2023 included amounts due from the following individual customers, substantially derived from the MSG Networks segment, which accounted for the noted percentages of the gross balance:

|            | As of June 30, |      |
|------------|----------------|------|
|            | 2024           | 2023 |
| Customer A | 10 %           | 23 % |
| Customer B | 10 %           | 22 % |
| Customer C | N/A            | 17 % |

Revenues in the accompanying consolidated statements of operations for Fiscal Years 2024, 2023 and 2022 included amounts from the following individual customers, primarily derived from the MSG Networks segment, which accounted for the noted percentages of the total:

|            | Years Ended June 30, |      |      |
|------------|----------------------|------|------|
|            | 2024                 | 2023 | 2022 |
| Customer 1 | 14 %                 | 26 % | 27 % |
| Customer 2 | 13 %                 | 26 % | 26 % |
| Customer 3 | 10 %                 | 21 % | 21 % |

As of June 30, 2024, the Company employed approximately 3,100 full-time and part-time employees, of which approximately 18% are subject to CBAs. Approximately 5% are subject to CBAs that expired as of June 30, 2024 and approximately 39% are subject to CBAs that will expire by June 30, 2025, if they are not extended prior thereto.

**SPHERE ENTERTAINMENT CO.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**Note 20. Additional Financial Information**

The following table provides a summary of the amounts recorded as cash and cash equivalents, and restricted cash as of June 30, 2024 and 2023:

|                                                      | As of June 30,    |                   |
|------------------------------------------------------|-------------------|-------------------|
|                                                      | 2024              | 2023              |
| Cash and cash equivalents                            | \$ 559,757        | \$ 131,965        |
| Restricted cash                                      | \$ 13,476         | \$ 297,149        |
| Total Cash and cash equivalents, and restricted cash | <u>\$ 573,233</u> | <u>\$ 429,114</u> |

The Company's cash equivalents consist of money market accounts, time deposits and U.S. treasury bills of \$367,900 and \$108,701 as of June 30, 2024 and 2023, respectively. Cash, cash equivalents, and restricted cash are measured at fair value within Level I of the fair value hierarchy on a recurring basis using observable inputs that reflect quoted prices for identical assets in active markets. The Company's restricted cash includes cash deposited in escrow accounts. The Company has deposited cash in interest-bearing escrow accounts related to credit support, debt facilities, and collateral to its workers compensation and general liability insurance obligations.

Prepaid expenses and other current assets as of June 30, 2024 and 2023 consisted of the following:

|                                                 | As of June 30,   |                  |
|-------------------------------------------------|------------------|------------------|
|                                                 | 2024             | 2023             |
| Prepaid expenses                                | \$ 30,864        | \$ 23,450        |
| Note and other receivables                      | 3,866            | 21,453           |
| Inventory                                       | 11,893           | —                |
| Current deferred production costs               | 2,094            | 6,524            |
| Other                                           | 6,138            | 4,658            |
| Total prepaid expenses and other current assets | <u>\$ 54,855</u> | <u>\$ 56,085</u> |

Accounts payable, accrued, and other current liabilities as of June 30, 2024 and 2023 consisted of the following:

|                                                                | As of June 30,    |                   |
|----------------------------------------------------------------|-------------------|-------------------|
|                                                                | 2024              | 2023              |
| Accounts payable                                               | \$ 18,875         | \$ 39,654         |
| Accrued payroll and employee related liabilities               | 85,766            | 75,579            |
| Cash due to promoters                                          | 72,577            | 73,611            |
| Capital expenditure accruals                                   | 156,234           | 236,593           |
| Accrued legal fees                                             | 20,876            | 53,857            |
| Other accrued expenses                                         | 62,759            | 36,437            |
| Total accounts payable, accrued, and other current liabilities | <u>\$ 417,087</u> | <u>\$ 515,731</u> |

Other income (expense), net for Fiscal Years 2024, 2023 and 2022 included the following:

|                                                                                              | Years Ended June 30, |                   |                   |
|----------------------------------------------------------------------------------------------|----------------------|-------------------|-------------------|
|                                                                                              | 2024                 | 2023              | 2022              |
| Realized and unrealized (loss) gain on MSGE Retained Interest, see Note 7 for further detail | \$ (19,027)          | \$ 545,715        | \$ —              |
| Gain on litigation settlement                                                                | 62,647               | —                 | —                 |
| Unrealized gain on equity investments without readily determinable fair value                | —                    | 1,969             | —                 |
| Loss on equity method investments                                                            | (6,677)              | (8,184)           | (4,863)           |
| Other                                                                                        | (1,746)              | (2,613)           | (655)             |
| Total other income (expense), net                                                            | <u>\$ 35,197</u>     | <u>\$ 536,887</u> | <u>\$ (5,518)</u> |

**SPHERE ENTERTAINMENT CO.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Continued)

**Note 21. Interim Condensed Financial Information (Unaudited)**

The following is a summary of the Company's selected quarterly financial data for Fiscal Years 2024 and 2023:

|                                                                           | Three Months Ended    |                      |                   |                  |
|---------------------------------------------------------------------------|-----------------------|----------------------|-------------------|------------------|
|                                                                           | September 30,<br>2023 | December 31,<br>2023 | March 31,<br>2024 | June 30,<br>2024 |
| Revenues                                                                  | \$ 118,007            | \$ 314,157           | \$ 321,330        | \$ 273,395       |
| Operating expenses                                                        | (187,796)             | (473,839)            | (361,723)         | (344,772)        |
| Operating loss                                                            | \$ (69,789)           | \$ (159,682)         | \$ (40,393)       | \$ (71,377)      |
| Net income (loss) from continuing operations                              | \$ 67,072             | \$ (173,248)         | \$ (47,240)       | \$ (71,217)      |
| Net (loss) income from discontinued operations, net of taxes              | \$ (647)              | \$ —                 | \$ —              | \$ 24,631        |
| Net income (loss) attributable to Sphere Entertainment Co.'s stockholders | \$ 66,425             | \$ (173,248)         | \$ (47,240)       | \$ (46,586)      |

**Continuing Operations**

|                                                                                                  |         |           |           |           |
|--------------------------------------------------------------------------------------------------|---------|-----------|-----------|-----------|
| Basic earnings (loss) per common share attributable to Sphere Entertainment Co.'s stockholders   | \$ 1.92 | \$ (4.91) | \$ (1.33) | \$ (2.00) |
| Diluted earnings (loss) per common share attributable to Sphere Entertainment Co.'s stockholders | \$ 1.90 | \$ (4.91) | \$ (1.33) | \$ (2.00) |

**Discontinued Operations**

|                                                                                                  |           |      |      |         |
|--------------------------------------------------------------------------------------------------|-----------|------|------|---------|
| Basic (loss) earnings per common share attributable to Sphere Entertainment Co.'s stockholders   | \$ (0.02) | \$ — | \$ — | \$ 0.69 |
| Diluted (loss) earnings per common share attributable to Sphere Entertainment Co.'s stockholders | \$ (0.01) | \$ — | \$ — | \$ 0.69 |

|                                                                                                          | Three Months Ended    |                      |                   |                  |
|----------------------------------------------------------------------------------------------------------|-----------------------|----------------------|-------------------|------------------|
|                                                                                                          | September 30,<br>2022 | December 31,<br>2022 | March 31,<br>2023 | June 30,<br>2023 |
| Revenues                                                                                                 | \$ 123,129            | \$ 159,541           | \$ 162,062        | \$ 129,099       |
| Operating expenses                                                                                       | (174,184)             | (209,276)            | (263,968)         | (199,445)        |
| Operating loss                                                                                           | \$ (51,055)           | \$ (49,735)          | \$ (101,906)      | \$ (70,346)      |
| Net (loss) income from continuing operations                                                             | \$ (46,303)           | \$ (27,308)          | \$ (113,998)      | \$ 359,636       |
| Net income from discontinued operations                                                                  | \$ 2,260              | \$ 97,865            | \$ 55,443         | \$ 178,085       |
| Net (loss) income                                                                                        | \$ (44,043)           | \$ 70,557            | \$ (58,555)       | \$ 537,721       |
| Less: Net income (loss) attributable to redeemable noncontrolling interests from discontinued operations | 1,124                 | 3,029                | (1,492)           | 1,264            |
| Less: Net loss attributable to nonredeemable noncontrolling interests from discontinued operations       | (410)                 | (56)                 | (216)             | (335)            |
| Net (loss) income attributable to Sphere Entertainment Co.'s stockholders                                | \$ (44,757)           | \$ 67,584            | \$ (56,847)       | \$ 536,792       |

**Continuing Operations**

|                                                                                                  |           |           |           |          |
|--------------------------------------------------------------------------------------------------|-----------|-----------|-----------|----------|
| Basic (loss) earnings per common share attributable to Sphere Entertainment Co.'s stockholders   | \$ (1.35) | \$ (0.79) | \$ (3.28) | \$ 10.34 |
| Diluted (loss) earnings per common share attributable to Sphere Entertainment Co.'s stockholders | \$ (1.35) | \$ (0.79) | \$ (3.28) | \$ 10.21 |

**Discontinued Operations**

|                                                                                           |         |         |         |         |
|-------------------------------------------------------------------------------------------|---------|---------|---------|---------|
| Basic earnings per common share attributable to Sphere Entertainment Co.'s stockholders   | \$ 0.05 | \$ 2.74 | \$ 1.65 | \$ 5.09 |
| Diluted earnings per common share attributable to Sphere Entertainment Co.'s stockholders | \$ 0.05 | \$ 2.74 | \$ 1.65 | \$ 5.03 |