HALF-YEAR FINANCIAL REPORT AS OF SEPTEMBER 30, 2020

A – ACTIVITY REPORT FOR THE FIRST HALF OF 2020/2021

1. EuropaCorp Group Results

The first half of the 2020/2021 financial year was marked by the finalization of the Group's financial restructuring with the entry of a new majority shareholder, the Vine Alternative Investments Group funds, and the appointment of a new Chief Executive Officer.
The Commercial Court of Bobigny approved the safeguard plan for the Company and its subsidiaries on July 24, 2020 and as such ended the safeguard procedure, enabling the Board of Directors to execute the delegation given by the Combined General Meeting on April 28, 2020. As such, the Board of Directors proceeded with the capital increases by converting second- and third-line receivables reserved for the Vine and Falcon funds, totaling around €193 million on July 28, 2020, by creating and issuing 81,124,722 new shares with a par value of €0.34 each. On that date, the share capital was therefore increased from €13,932,353.06 to €41,514,758.54, and is now composed of 122,102,231 shares, of which 73,444,492 belong to the Vine funds (60%).
Following the completion of the capital increases reserved for the Vine funds, the Board of Directors of EuropaCorp, meeting on August 8, 2020, unanimously appointed Mr. Axel Duroux to the position of Chief Executive Officer of the Group, on the recommendation of the Compensation and Appointments Committee. He joined EuropaCorp on September 1, 2020.

The EuropaCorp Group's consolidated financial statements for the first half of the 2020/2021 financial year, prepared in accordance with IFRS, showed consolidated revenue of €26.2 million compared with €40.7 million for the first half of the previous financial year. This decrease of 36% is explained in particular by the absence of releases/deliveries of new films due to the Group's financial restructuring. Theatrical distribution then decreased by over €6 million.

As a reminder, the Group's revenue is generally dependent on the release of its films through various channels. Indeed, the timetable of these releases can give rise to significant fluctuations in the revenue earned by each channel from one half-year to another. Therefore, half-year revenue and profit are not necessarily indicative of annual revenue and profit.

On account of lower revenues, the consolidated operating margin decreased by 19% to €10.6 million versus €13.2 million for the first half of the previous financial year. However, the margin rate was up to 41% compared to 32% in the first half of the previous financial year. This profit margin is mainly due to a high level of margin from catalog operations, which accounted for the bulk of revenue during this half year.

Overheads amounted to €(6.1) million for the half-year ended September 30, 2020, decreasing compared to the level of overheads relative to the first half of the previous financial year, namely €(9.7) million. These savings of €3.6 million compared to September 30, 2019 (-37%) confirm the effectiveness of the measures implemented by the Group to reduce general and administrative expenses, which had already decreased by €13.3 million (-45%) for the financial year ended March 31st, 2020.

Other operating income and expenses amount to €(2.4) million compared to €(5.2) million for the first half of the previous financial year and mainly include fees related to the debt restructuring finalized in the summer of 2020.

Consolidated operating profit is at €2.1 million, compared to a loss of €(1.7) million for the first half of the previous financial year.

Financial result amounted to €133.0 million over the first half-year, compared with €(16.5) million for the first half of 2019/2020. In compliance with IFRIC 19, the equitization of the second and third lien debts of Vine and Falcon has been recognised at fair value of the shares issued on 28 July 2020. In this respect, the Company reported a profit of €134.9 million representative of the difference between the fair value of the

81,124,722 new shares issued on the day of the capital increase, namely 57.6 million based on a stock exchange price of €0.71 per share, and the book value in the balance sheet of the extinguished liability.
This improvement in financial result is also due to a significantly lower cost of financial debt due to the equitization of the mezzanine debt (€(3.0) million compared to approximately €(10.7) million in the first half of 2019/2020), and a positive foreign exchange result of approximately €3.3 million compared to a foreign exchange loss of €(4.0) million last year, linked to the evolution of the euro/US dollar exchange rate over the period.

Having accounted for €(11.2) million in tax, compared with €(4.0) million at September 30, 2019, the Group recorded a net result for the half-year of €123.5 million compared with losses of €(22.7) million in the first half of the previous financial year.

The cash flows from operations amounted to €(3.9) million over the first half-year, compared with €11.8 million for the first half of the previous financial year. This decrease is mainly due to the absence of new films delivered internationally during the first half of the 2020/2021 financial year, as well as to the payment of significant fees upon approval of the safeguard plan in July 2020 (lawyers, advisors, etc.).

2. Activities

2.1 Production and Distribution of films

2.1.1 International sales

International sales stood at €9.8 million, or approximately 37% of total revenue. They increased by €0.5 million compared with the first half of the previous financial year. They included royalties on the films *Lucy* and *Taken 3* as well as the last deliveries for *Kursk* and *Renegades*.

2.1.2 Theatrical distribution

The revenue from Theatrical distribution amounted to €0.2 million, with no theatrical releases during the half year, compared to €6.6 million in the first half of 2019/2020, which was marked by the release of *Nous finirons ensemble (Little White Lies 2)* which achieved 2.8 million admissions in France.

2.1.3 Video and VOD releases

Revenue from Video & VOD stood at €0.4 million in France and the United States, compared with €3.0 million last year. The main sales concerned the films *Anna* and *Nous finirons ensemble (Little White Lies 2)* in France.

2.1.4 Sales of TV rights

Television & SVOD sales in France and the United States amounted to €11.2 million for the first half of 2020/2021, or 43% of total revenue, a decrease of €5.5 million (-33%) compared with the first half of 2019/2020. They include the opening of new windows of rights in France, in particular to *Taxi 5* and *Anna*.

2.2 Production and distribution of TV series and units

The revenue of the TV Series business amounted to €1.8 million (royalties on the *Taken* series), compared to €3.1 million at September 30, 2019.

2.3 Subsidies

No revenues related to support funds were generated during the first half following the change in the Group's majority shareholding, now American. Previously generated by the Production, French Theatrical distribution, and French and Export Video releases business, it amounted to €0.9 million during the first half of the 2019/2020 financial year.

2.4 Other activities

The "Other activities" item generated a total of €1.3 million for the first half of the year, compared to €1.0 million for the first half of the previous financial year.
This activity consists mainly of revenue from partnership contracts and license agreements, music publishing as well as from post-production activities. It also includes revenue from the Group's coproductions as well as revenue from line production.

3. Cost of sales

The "Cost of sale" item (operating expenses excluding overheads) amounted to €(15.5) million, compared with €(27.5) million for the first half of the 2019/2020 financial year.

The decline of €12.0 million in the item is mainly explained by the decrease in depreciation and amortization charges for €12.6 million, €(10.0) million in charges versus €(22.7) million at September 30, 2019, to be compared with the decrease in revenue for the period. As the amortization rate in relation to revenues also decreased, the operating margin rate increased from 32% to 41%.

4. Capital expenditure

Concerning investments in films and series, given the restructuring operations completed in July 2020, no investments in films and series were made during the period (€0.1 million compared to €0.2 million in the first half of 2019/2020). Development has nevertheless continued and the Company currently has several scripts for films and television series. The projects are ready to begin production as soon as the associated financing can be secured and the risks linked to the health situation mitigated.

5. Financial structure

As of September 30, 2020, net debt was €48.7 million compared with €152.6 million as of March 31, 2020. This significant decrease is mainly due to the capitalization of the Mezzanine debt on July 28, 2020, with the completion of the capital increase reserved for the benefit of the Vine Media Opportunities - Fund III funds in the amount of €115.3 million, including issue premium, paid up by way of offsetting debt.

During the half-year, there was no other significant change in the Group's financial structure.

6. Significant events since the reporting date

6.1 Award of free shares

By decision of October 26, 2020, and on the proposal of the Appointments and Remuneration Committee on the same day, the Board of Directors decided to set up a plan for the free allocation of 591,787 shares of EuropaCorp SA for the benefit of the employees and corporate officers of EuropaCorp and its subsidiaries located in France. Similarly, by decision of November 16, 2020, and on the proposal of the Appointments and Remuneration Committee on the same day, the Board of Directors decided to set up a plan for the free allocation of 436,365 EuropaCorp SA shares.

These decisions are part of the authorization granted by the Combined General Meeting of EuropaCorp's shareholders of September 28, 2020, in its 28th resolution, for the purpose of making free share grants to employees or corporate officers of the company and affiliated companies within the meaning of Article L. 225-197-2 of the French Commercial Code, up to a limit of 10% of the share capital.

The Board of Directors also decided to set the vesting period at 1 year (this period running from the date of this decision) and the retention period at 1 year (this period running from the end of the vesting period).

Finally, the Board of Directors specified that the said shares will only be effectively and definitively acquired by the beneficiaries at the end of the vesting period and that this operation will be carried out by the allocation either of new shares, to be issued within the framework of one or more capital increases, or of existing shares, resulting from repurchases made by the Company within the framework of its share buyback program.

6.2 Impacts of the second COVID wave

In accordance with Article 5 of Order No. 2020-596 of May 20, 2020, the Commissioners for the execution of the Plan, have presented a request to the Bobigny Commercial Court to extend the duration of the EuropaCorp SA safeguard plan for an additional 2 years, so that the total duration of the plan will be 9 years from July 24, 2020, implying a new payment schedule. Other terms and conditions of the plan that are not inconsistent with the foregoing remain unchanged.

7. Risk factors and transactions between related parties

The risk factors are of the same nature as those set out in Section 3 of the Universal Registration Document (pages 9 to 15) and do not show any significant changes.

With respect to the COVID-19 epidemic, and pending the results of the upcoming vaccination campaign, the Group believes that it could generate a risk of delays in production and/or theatrical releases of the films that are to be put into production by the Company. The Company is also expecting a decline in movie theater admissions due to the strict health conditions put in place by the government as part of its management of the health crisis.

The amounts relating to financial and market risks as of September 30, 2020 are stated in Note 3.11 "Financial instruments" to the half-year consolidated financial statements in this report.

Transactions between related parties are described in Note 5.2 to the half-year financial statements of this report.

8. Outlook

Excluding financial gain linked to debt restructuring, in light of the loss recorded in the first half-year in particular, EuropaCorp will post a deficit for the 2020/2021 financial year.

B – CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED SEPTEMBER 30, 2020 PRESENTED IN ACCORDANCE WITH IFRS

CONSOLIDATED PROFIT AND LOSS STATEMENT

(amounts in thousands of euros, except for the number and data per share)		**Year Ended September 30,**	
		2020	**2019**
Turnover	**Note 4.1**	26,159	40,698
Revenue	**Note 4.1**	**26,159**	**40,698**
Cost of sales		(15,521)	(27,513)
Operating margin	**Note 4.2**	**10,638**	**13,185**
Overheads	**Note 4.3**	(6,091)	(9,694)
Other income and expenses	**Note 4.4**	(2,409)	(5,193)
Operating profit (loss)		**2,138**	**(1,701)**
Income from financial investments / (Cost of financial debt)		(3,020)	(10,744)
Other financial income and expenses		1,099	(5,771)
Net Gain from debt restructuring		134,921	0
Financial income	**Note 4.5**	**133,000**	**(16,515)**
Current income before income tax		**135,138**	**(18,217)**
Tax	**Note 4.6**	(11,190)	(3,985)
Equity in net earnings of associated companies	**Note 3.5**	(451)	(550)
Net income		**123,497**	**(22,752)**
Includir Net Income – Minority share		9	(6)
Net Income – Group share		123,488	(22,746)
Basic net income per share*		1.01	(0.56)
Diluted net income per share*		1.01	(0.56)
* Total equity shares minus treasury shares at September 30		122,042,964	40,915,783

At September 30, 2020, earnings before interest and taxes (EBIT) included €10,051 thousand in amortization expenses versus €22,668 thousand at September 30, 2019. As such, at September 30, 2020, earnings before interest, taxes, depreciation and amortization (EBITDA) totaled €12,189 thousand versus €20,967 thousand at September 30, 2019.

STATEMENT OF COMPREHENSIVE INCOME

	09.30.2020	09.30.2019
Net income	**123,497**	**(22,752)**
Income and expenses directly recognized in equity		
- Net investments change		3,525
- Foreign currency translation differences	2,686	(4,936)
- Assets available for sale		
- Cash-flow hedges		
- Revaluation assets		
- Actuarial gains and losses		
- Share of other comprehensive income of associates		
- Tax on items recognized directly in equity		
Comprehensive net income total accounted in Equity	2,686	(1,411)
	0	
Comprehensive net income total for the period	**126,183**	**(24,163)**

Breakdown of comprehensive income for the period	**09.30.2020**	**09.30.2019**
Shareholders of the entity	126,174	(24,157)
Minority interests	9	(6)
Total comprehensive income for the period	**126,183**	**(24,163)**

STATEMENT OF THE CONSOLIDATED FINANCIAL POSITION

Statement of changes in consolidated equity

(amounts in thousands of euros, except for the number of shares)	Common shares	Capital	Share premium	Reserves	Other elements of the comprehensive income	Treasury shares	Net income	**Equity Group share**	Minority interest	**Total Equity**
March 31, 2019 balance	**40,977,509**	**13,932**	**107,092**	**(117,032)**	**5,938**	**(48)**	**(109,908)**	**(100,026)**	**287**	**(99,740)**
	-	-	-	-	-	-	-	-	-	-
Net income appropriation in reserves	-	-	-	(109,908)	-	-	109,908	-	-	-
Transfer of a part of the share premium in reserves	-	-	-	-	-	-	-	-	-	-
Dividends distribution	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-
Net variation of treasury shares and stock dividends	-	-	-	-	-	-	-	-	-	-
Impact of the changes in the scope of consolidation	-	-	-	-	-	-	-	-	8	**8**
Currency translation reserve	-	-	-	-	(1,085)	-	-	**(1,085)**	-	**(1,085)**
03/31/2020 net income	-	-	-	-	-	-	**(95,049)**	**(95,049)**	(2)	**(95,051)**
Total of income and costs of the period	**0**	**0**	**0**	**0**	**(1,085)**	**0**	**(95,049)**	**(96,134)**	**(2)**	**(96,136)**
Capital increase	-	-	-	-	-	-	-	-	-	-
Capital increase expenses	-	-	-	-	-	-	-	-	-	-
Free shares allocation plan	-	-	-	25	-	-	-	**25**	-	**25**
	-	-	-	-	-	-	-	-	-	-
March 31, 2020 balance	**40,977,509**	**13,932**	**107,092**	**(226,916)**	**4,853**	**(48)**	**(95,049)**	**(196,136)**	**293**	**(195,843)**
	-	-	-	-	-	-	**0**	-	-	-
Net income appropriation in reserves	-	-	-	(95,049)	-	-	95,049	-	-	-
Transfer of a part of the share premium in reserves	-	-	-	-	-	-	-	-	-	-
Dividends distribution	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-
Net variation of treasury shares and stock dividends	-	-	-	-	-	-	-	-	-	-
Impact of the changes in the scope of consolidation	-	-	-	-	-	-	-	-	1	**1**
Currency translation reserve	-	-	-	-	2,686	-	-	**2,686**	-	**2,686**
09/30/2020 net income	-	-	-	-	**0**	-	**123,488**	**123,488**	9	**123,497**
Total of income and costs of the period	**0**	**0**	**0**	**0**	**2,686**	**0**	**123,488**	**126,174**	**9**	**126,183**
Capital increase	81,124,722	27,582	28,448	-	-	-	-	**56,030**	-	**56,030**
Capital increase expenses	-	-	-	-	-	-	-	-	-	-
Free shares allocation plan	-	-	-	23	-	-	-	**23**	-	**23**
	-	-	-	-	-	-	-	-	-	-
September 30, 2020 balance	**122,102,231**	**41,515**	**135,540**	**(321,941)**	**7,539**	**(48)**	**123,488**	**(13,908)**	**303**	**(13,605)**

CONSOLIDATED BALANCE SHEET

(amounts in thousands of euros)		30 September 2020			31 March 2020
ASSETS		**Gross**	**Amortisations / Provisions**	**Net**	**Net**
Non-current assets :					
Goodwill	**Note 3.1**	32,799	-32,799	0	0
Intangible assets	**Note 3.2**	1,518,137	(1,475,632)	42,505	52,461
Property and Equipment	**Note 3.3**	21,145	(17,576)	3,569	5,239
Other financial assets	**Note 3.4**	7,695	0	7,695	7,995
Investments in associates	**Note 3.5**	0	-	0	0
Deferred taxes assets		7,893	-	7,893	15,292
Right-of-use leased assets	**Note 3.10**	20,235	(10,361)	9,874	11,277
Total non-current assets		**1,607,904**	**(1,536,368)**	**71,536**	**92,264**
Current assets :					
Inventory		730	(499)	231	233
Trade accounts receivable	**Note 3.6**	31,150	(5,093)	26,057	27,975
Other accounts receivable	**Note 3.7**	37,233	(12,714)	24,519	21,449
Other current assets	**Note 3.13**	452	(0)	452	395
Cash and cash equivalents	**Note 3.9**	40,706	0	40,706	50,680
Total current assets		**110,270**	**(18,306)**	**91,965**	**100,731**
TOTAL ASSETS				**163,500**	**192,995**
				-	-

		30 September 2020	31 March 2020
LIABILITIES			
Equity - Group share			
Issued capital		41,515	13,932
Retained earnings and reserves		(55,423)	(210,068)
Total equity - Group share	**Note 3.8**	**(13,908)**	**(196,136)**
Minority interests		**303**	**293**
Non-current liabilities :			
Provisions for pensions and similar		380	362
Deferred taxes liabilities		2,662	1,383
Long term borrowings and financial debts	**Note 3.9**	0	0
Deposits and guarantees received	**Note 3.9**	494	493
Equity investment liabilities > 1 year		0	0
Lease liability - long term (> 1 year)	**Note 3.10**	11,500	12,801
Other non-current liabilities	**Note 3.13**	10,231	9,845
Other non-current liabilities		**25,266**	**24,883**
Current liabilities :			
Short term borrowings and financial debts	**Note 3.9**	88,895	202,792
Lease liability - short term (< 1 year)	**Note 3.10**	2,523	2,458
Provisions for risks and expenses		1,138	1,845
Trade accounts payable	**Note 3.12**	43,776	51,594
Equity investment liabilities < 1 year		0	0
Other financial liabilities	**Note 3.12**	14,623	96,164
Other current liabilities	**Note 3.13**	884	9,102
Total current liabilities		**151,839**	**363,955**
			0
TOTAL LIABILITIES		**163,500**	**192,995**

CONSOLIDATED CASH FLOW STATEMENT

(amounts in thousands of euros)		Year Ended September 30, 2020	2019 (restated)	2019 (published)
Operations				
Net income - Group share		123,488	(22,746)	(22,746)
Net income - Minority share		9	(6)	(6)
Depreciation and amortization		10,987	30,129	30,132
Unrealised gains and losses relating to changes in fair value		(134,921)	0	4,354
Change in the fair value of securities-related liabilities		0	0	0
Capital gains or losses on the disposal of assets		77	0	0
Share of income from associates consolidated using the equity method		451	550	550
Income and expenses due to share-based payments and similar		0	0	0
		0		
Operating cash flow after net financial debt cost and taxes		**92**	**7 927**	**12 284**
(Income from financial investments) / Cost of financial debt		5,155	10,744	10,744
Taxes (Income) / Cost			3,985	3,985
Operating cash flow before net financial debt cost and taxes		**5 247**	**22 656**	**27 014**
Change in working capital requirement :				
Inventory		1	23	23
Trade accounts and notes receivable		7,153	(8,385)	(7,965)
Deferred costs		(73)	479	475
Trade notes and accounts payable		(8,083)	872	(4,977)
Deferred income		(8,188)	(3,819)	(3,817)
Tax paid		0	0	0
Net cash flow from operations	**Note 5.1**	**(3 943)**	**11 825**	**10 753**
Investment activities				
Acquisition of intangible assets		(52)	(225)	(225)
Acquisition of other intangible assets		(172)	(2)	(2)
Acquisition of property and equipment		(55)	107	107
Income on disposal of intangible assets and property, plant and equipment		1,500	0	0
Net change in financial assets		280	(146)	(1,536)
Change in liabilities on long-term investment		0	0	0
Change in minority reserves		0	0	0
Impact of the changes in the scope of consolidation		0	0	0
Net cash flow from investment activities	**Note 5.1**	**1 501**	**(266)**	**(1 656)**
Financing activities				
Dividends paid		0	0	0
Increase in capital		0	0	0
Capital increase expenses		0	0	0
Net increase in bank borrowings and overdrafts		1,432	14,863	14,849
Net decrease in bank borrowings and overdrafts		(998)	(125)	(27)
Decrease in lease liability		(5,570)	(5,859)	(5,859)
Net change in treasury shares		12	19	19
Interest expenses paid		(4,590)	(9,080)	(9,080)
Interest income received and net gain/loss from disposals		28	133	133
Net cash flow from financing activities	**Note 5.1**	**(9 685)**	**(49)**	**35**
Overall change in cash position		**(12 126)**	**11 509**	**9 133**
Effects of changes in foreign exchange rate		**2 154**	**(2 376)**	
Opening cash position		50 246	21 947	21 947
Cash position at the end of period		**40,274**	**31,080**	**31,080**
broken down into:				
Marketable securities		*678*	*678*	*678*
Cash and cash equivalents		*40 028*	*30 910*	*30 910*
Overdrafts		*(432)*	*(509)*	*(509)*

Note: At September 30, 2020, effects of changes in foreign exchange rate have been isolated on a distinct line in the cash flow statement. Consequently, the previous half-year has been restated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – THE EUROPACORP GROUP

1.1 The Group's business

The core business of EuropaCorp, a Société Anonyme (public limited company) governed by French law, and its subsidiaries, is the production and distribution of cinematographic work.

1.2 Changes in the scope of consolidation

Two changes in the scope of consolidation in the Group's accounts took place between April 1, 2020 and September 30, 2020, with the creation of EuropaCorp Finance LLC and EuropaCorp Pictures LLC for the international distribution of the next films in EuropaCorp's line-up.

1.3 Seasonality of the activity

As a reminder, the EuropaCorp Group's results are dependent on the number of releases and the release timetable for films and deliveries of TV series, as well as the financing structure of its works. These factors can give rise to significant fluctuations in the profit from one period to another. The half-yearly consolidated profit is therefore not representative of future annual profit/loss.

NOTE 2 – SUMMARY OF PRINCIPAL ACCOUNTING METHODS USED

2.1 General accounting policies

EuropaCorp's condensed consolidated financial statements for the half-year ended September 30, 2020, were prepared in accordance with IFRS as adopted by the European Union and applicable on that date. They were prepared in accordance with IAS 34 "Interim Financial Reporting".
These financial statements do not contain all the information required for the annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements for the financial year ended March 31, 2020.
The accounting policies used are those detailed in the consolidated financial statements published on March 31, 2020 (see Note 2 "Accounting Policies and Methods" to those financial statements on pages 187 to 200 of the Registration Document filed with the AMF on July 30, 2020, under number D. 20-0718), except for the newly applicable standards and interpretations detailed in the next section.
The condensed consolidated financial statements are presented in thousands of euros unless otherwise stated.
The half-yearly financial statements were reviewed by the Audit Committee on December 29, 2020, and were examined and approved by the Board of Directors on December 29, 2020.

2.2 Continuity of operations

Pursuant to IAS 1.25, management must assess the entity's ability to continue as a going concern and in the event of material uncertainties related to events or conditions likely to cast significant doubt on the Group's ability to continue its business activities, the entity must specify the nature of these uncertainties. To assess this ability, management takes into account all available information regarding the coming 12 months at a minimum, but not limited to this time-frame, from the end of the reporting period, i.e. until September 30, 2021.

Thanks to the validation of the Safeguard Plan by the Commercial Court on July 24, 2020 and the subsequent completion of the capital increases by way of conversion of receivables, the uncertainties regarding the Group's ability to continue as a going concern that had been specified at March 31, 2020 have been lifted.

However, in view of the evolution of the health situation at the closing date of the accounts, the Group believes that there is a risk of delay in the production and/or theatrical release of the films. In this respect, an application before the Bobigny Commercial Court was filed by the plan's execution commissioner to extend the duration of the safeguard plan for EuropaCorp SA, for an additional 2 years, so that the total duration of the safeguard plan would be 9 years from July 24, 2020, implying a new payment schedule. Other terms and conditions of the plan that are not inconsistent with the foregoing remain unchanged.

The Company is therefore not in a position to accurately assess all of the elements that could impact the financial statements for the 2020/2021 financial year. Nevertheless, despite the impacts that may occur, the going concern assumption is not called into question in view of the information available at the date of closing of these half-yearly financial statements.

2.3 New standards and interpretations applied

In particular, the IFRS standards of the IASB and the IFRIC interpretations, as adopted by the European Union (available on the European Commission's website http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission) for financial years beginning on or after April 1, 2020, have been applied by the Company and have not resulted in any significant change in the methods of valuation and presentation of the financial statements.

IFRS standards, IFRIC interpretations or amendments applied by the Company as from April 1, 2020

The new standards, amendments to standards and interpretations that came into force for financial years opened after January 1, 2020, had no significant impact on the Group's financial statements:

- Amendments to references to the Conceptual Framework;
- Amendments to IAS 1 and IAS 8 "Definition of 'equipment'";
- Amendments to IAS 39, IFRS 7 and IFRS 9 "Reform of benchmark interest rates";
- Limited amendments to IFRS 3 "Definition of an enterprise";
- Amendments to IFRS 16 "Covid-19 rent relief" applicable as from financial years beginning on June 1, 2020.

Accounting standards or interpretations yet to be applied by the Company

As of September 30, 2020, the IASB has not published any standards or interpretations applicable to financial years beginning on or after January 1, 2021.

The impact of draft standards or interpretations currently under review by the IASB have not been anticipated in these consolidated financial statements and cannot be estimated with any degree of accuracy at this time.

2.4 Management estimates

The preparation of interim financial statements involves making estimates and assumptions regarding the valuation of certain assets and liabilities on the consolidated statement of financial position, as well as certain items on the profit and loss statement.

Assumptions and estimates that might result in a material adjustment to the book value of assets and liabilities during the following period principally affect:

- the identification of an impairment indicator to be used for goodwill and other intangible assets with an indefinite useful life;
- the measurement of the net book value of films and preliminary expenses;
- the valuation of deferred tax assets;
- the appraisal of risks related to legal actions.

NOTE 3 – NOTES TO THE CONSOLIDATED BALANCE SHEET

3.1 Goodwill

No variation in the net value of goodwill at September 30, 2020. Goodwill is completely impaired.

3.2 Intangible assets

(in thousands of euros)	**03/31/2020**	Movements of the period			**09/30/2020**
		+	-	*Other* [(1)]	
Films and audiovisual rights	1,423,728	-	(137)	(864)	1,422,727
Production costs	104	-	-	-	104
Preliminary expenses	16,446	52	(88)	()	16,410
Other	83,713	172	-	(4,988)	78,896
Gross amount	**1,523,991**	**224**	**(225)**	**(5,853)**	**1,518,137**
Films and audiovisual rights	(1,387,913)	(9,947)	-	864	(1,396,996)
Other	(83,616)	(2)	-	4,983	(78,636)
Depreciation/Provisions	**(1,471,529)**	**(9,950)**	**-**	**5,847**	**(1,475,632)**
Net amount	**52,461**	**(9,726)**	**(225)**	**(6)**	**42,505**

(1) Changes in scope, transfers between items, foreign exchange effect

At September 30, 2020, the net book value of intangible assets breaks down as follows:

(in thousands of euros)	**09/30/2020**	**03/31/2020**
Preliminary expenses	1,667	1,615
Production costs	-	-
Completed films	40,578	50,750
Other intangible assets	260	97
TOTAL INTANGIBLE ASSETS	**42,505**	**52,461**

The decrease in the net value of intangible assets over the period is primarily linked to the amortization of films in the amount of €9.9 million.
Preliminary costs that do not lead to a decision to shoot within five years from their first recognition are depreciated. However, this principle does not apply to projects having been recognized for more than five years, if there are specific production commitments or genuine expressions of interest, or when the Company believes that the development timeframe does not call into question the start of shooting in the long term.
At September 30, 2020, the residual net book value of projects having had their first expense recognized less than five years ago stood at €1.7 million.

The Company emphasizes that films and audiovisual productions are amortized individually using the film forecast method, i.e. by applying to the cost of the film the ratio resulting from the comparison of actual net revenues and total estimated net revenues, as stated in Section 2.7.4 of the notes to the consolidated financial statements for the financial year ended March 31, 2020. Total net revenues include i) net revenues acquired over the period, notably including income and distribution expenses for films on US territory, and ii) projected net revenues over a period of 12 years maximum from the premier date. The period used remains identical to the period used when closing the annual financial statements at March 31, 2020.
At September 30, 2020, "Other intangible assets" primarily include the initial contribution of $30 million paid as part of creating the joint distribution platform for films in the United States and marketing, EuropaCorp Distribution LLC (formerly "RED"), and the additional contribution of $55 million paid during the 2014/2015 financial year to settle the Group's obligations towards Relativity. The total investment at September 30, 2020, stands at €78 million ($85 million). This investment has allowed the

Group to sign important contracts during previous financial years with Fox (Video), Amazon (SVOD/Pay TV) and Lionsgate (Video).
This intangible asset, which represents an entry fee, with an unspecified life is, by definition, non-depreciable and is tested annually. This intangible asset is now entirely impaired as of March 31, 2019.

3.3 Property, plant and equipment

(in thousands of euros)	**03/31/2020**	Movements of the period			**09/30/2020**
		-	-	*Others(1)*	
Plant, machinery and equipment	11,641	-	-	929	12,570
Land, buildings	19,983	-	(14,109)	1,884	7,758
Other property, plant and equipment	3,856	55	-	(3,094)	817
Gross amount	**35,480**	**55**	**(14,109)**	**(281)**	**21,145**
Plant, machinery and equipment	(10,872)	()		(932)	(11,805)
Land, buildings	(15,610)	-	12,441	(1,880)	(5,049)
Other property, plant and equipment	(3,760)	(6)	-	3,044	(722)
Depreciation/Provisions	**(30,241)**	**-**	**12,441**	**231**	**(17,576)**
Net amount	**5,239**	**55**	**(1,668)**	**(51)**	**3,569**

(1) Changes in scope, transfers between items, foreign exchange effect

Property, plant and equipment mainly comprise the assets held by Digital Factory (buildings, installations and technical equipment at the Saint-Denis site). The €1.7 million decrease in net value over the period corresponds to the disposal of the assets held by Digital Factory on the site located in Normandy.

3.4 Other financial assets

Other financial assets mainly comprise deposits and guarantees with maturities of more than one year and non-consolidated investments (held by EuropaCorp SA).

(in thousands of euros)	**09/30/2020**	**03/31/2020**
Non-consolidated securities	500	500
Loans and other receivables	610	610
Deposits and guarantees > 1 year	6,585	6,885
Net amount	**7,695**	**7,995**

These deposits and guarantees mostly include the guarantees paid to the Guilds for €4.8 million, as well as the deposit paid by EuropaCorp to the lessor for an amount of €1.6 million under the commercial lease agreement for the La Cité du Cinéma premises.

Non-consolidated securities mainly relate to a non-controlling interest held by EuropaCorp SA in the company ELZEVIR FILMS. These equity interests are recorded at their net value, which corresponds to the acquisition value of these securities reduced by a potential depreciation calculated from the valuation of the subsidiary's stock of films.

3.5 Investments in associates

The contribution from SCI Les Studios de Paris (€2,034 thousand) is shown in "Other non-current liabilities".
As a reminder, EuropaCorp holds a 40% stake and does not control this company. This company is consolidated using the equity method in the Group's consolidated financial statements.

3.6 Trade receivables

(in thousands of euros)	**09/30/2020**	**03/31/2020**
Trade receivables - nominal value	28,054	24,681
Provision for trade receivables depreciation	(5,093)	(5,367)
Net value of trade receivables	**22,961**	**19,314**
Contract assets	**3,096**	**8,661**
Total trade receivables	**26,057**	**27,975**

Les créances sont comptabilisées pour leur valeur nominale déduction faite des provisions pour dépréciation des montants non recouvrables. Une estimation du montant des créances douteuses est effectuée lorsqu'il n'est plus probable que la totalité de la créance pourra être recouvrée. Les créances irrécouvrables sont constatées en pertes lorsqu'elles sont identifiées comme telles.

Les créances à plus d'un an sont principalement détenues auprès de chaînes de télévision françaises.

Afin de maintenir les financements nécessaires à son activité, EuropaCorp affecte une partie de ces créances comme sûretés en garantie des crédits consentis par les établissements prêteurs. Les créances sont pour autant maintenues au bilan dans le poste clients, car seul le règlement est délégué aux banques.

3.7 Other receivables

Detail of receivables by type:

(in thousands of euros)	**09/30/2020**	**03/31/2020**
Advances and down-payments to suppliers	9,295	6,642
Support funds & COSIP (audiovisual support)	10,881	10,881
Tax and social security credits	8,014	7,311
Other receivables	9,043	9,329
Gross amount	**37,233**	**34,162**
Depreciation provisions	(12,714)	(12,714)
Net amount	**24,519**	**21 449**

As of September 30, 2020, the receivable from the CNC breaks down into €8.4 million of Producer support, €1.6 million of Distributor support, €0.5 million of Video Publisher support and €0.4 million of Export support. This receivable was impaired for €9.3 million at March 31, 2020 in view of the change in the shareholder base after the balance sheet date.

The other receivables primarily include amounts owned by co-producers. They have a maturity of less than one year.

3.8 Equity

<u>3.8.1 Breakdown of the share capital</u>

At September 30, 2020, the Company's share capital amounted to €41,514,758.54, divided into 122,102,231 ordinary shares with a par value of €0.34 each, all of the same class and fully paid up.
Following the capital increases on July 28, 2020, the share capital increased from €13,932,353.06 to €41,514,758.54, and the number of shares from 40,977,509 to 122,102,231.

In compliance with IFRIC 19, the equitization of the second and third lien debts of Vine and Falcon has been recognised at fair value of the shares issued on 28 July 2020. In this respect, the Company reported a profit of €134.9 million representative of the difference between the fair value of the 81,124,722 new shares issued on the day of the capital increase, namely 57.6 million based on a stock exchange price of €0.71 per share, and the book value in the balance sheet of the extinguished liability.

As of September 30th, 2020, in compliance with IAS 32, fees directly attributable to capital increases were accounted for as a deduction from equity for an amount of €1.5 million.

3.8.2 Dividends

The Group did not pay out any dividend during the period.

3.8.3 Award of free shares

The Combined General Meeting of September 28, 2020 authorized the Board of Directors to award free shares to employees and corporate officers of the Company.

On October 26, 2020 and November 16, 2020, the Board of Directors decided to grant 1,028,152 free shares to all employees of the Company and its French subsidiaries and to its Chief Executive Officer (see Section 5.4 on subsequent events).

3.9 Bonds and financial liabilities

The Group's net financial debt comprises all financial liabilities, including financial instruments linked to financial investments and debt, minus cash and cash equivalents, and the associated financial instruments.

The Company's net financial debt is as follows:

(in thousands of euros)	**09/30/2020**	**03/31/2020**
Bonds > 1 year		
Deposits and guarantees received	494	493
Other loans and related debt > 1 year	-	-
Total Loans Maturing > 1 year	**494**	**493**
Bonds < 1 year		
Bank loans		
Other loans and related debt < 1 year	-	375
Production credits	88,895	200,553
Bank loans and overdrafts	-	1,864
Marketable securities	(678)	(678)
Cash and cash equivalents	(40,028)	(50,002)
Net debt	**48,683**	**152,605**

This sharp decrease in net debt since March 31, 2020 is mainly due to the capitalization of the Mezzanine debt on July 28, 2020, with the completion of the capital increase reserved for the benefit of the Vine Media Opportunities - Fund III funds in the amount of €115.3 million, including issue premium, paid up by way of offsetting debt.

Film production is funded notably with credit facilities allocated specifically to films by the Company (lines of credit, bank overdrafts, other, etc.). The actual costs incurred for the specific financing of the productions underway during the period are included in the capitalized cost of the films.

The debt amounts included in the net debt table above correspond to the netted balances of the Group's various cash and cash equivalents accounts.

The marketable securities that may be held by the Group are shares in open-ended investment companies (SICAV) or money market mutual funds. The target set for these investments is a level of profitability close to the EONIA. Their assets are mainly invested in money and interest rate markets; they are readily available. They are not exposed to a material risk of depreciation.

At September 30, 2020, the marketable securities consisted of shares in money market mutual funds.

3.10 Leases

(in thousands of euros)	**09/30/2020**	**03/31/2020**
Right-of-use of leased assets	**9,874**	**11,277**
Lease liabilities > 1 year	-11,500	-12,801
Lease liabilities < 1 year	-2,523	-2,458
Total lease liabilities	**-4,149**	**-3,982**

3.11 Financial instruments

The Group's cash requirements are covered by its operating cash flows, as well as authorized overdrafts, the factoring of sales receivables, and specialized production loans.

The table below compares the book and fair value of all of the Group's financial instruments by category:

	09.30.20		***Breakdown by category of instruments***				
(in thousands of euros)	**Net book value in statement of financial position**	**Fair value**	**Fair value through profit or loss**	**Assets available for sale**	**Loans and receivables**	**Debts at amortized cost**	**Derivatives instruments**
Non-consolidated equity holdings	-	-	-	-	-	-	-
Other non-current financial assets	7,695	7,695	-	-	7,695	-	-
Other current financial assets	43	43	-	-	43	-	-
Derivative instruments - assets	-	-	-	-	-	-	-
Cash and cash equivalents	40,706	40,706	40,706	-	-	-	-
Financial assets	**48,444**	**48,444**	**40,706**	**-**	**7,738**	**-**	**-**
Debt > 1 year	494	494	-	-	466	28	-
Debt < 1 year	88,895	88,895	-	-	-	88,895	-
Derivative instruments - liabilities	-	-	-	-	-	-	-
Financial liabilities	**89,389**	**89,389**	**-**	**-**	**466**	**88,922**	**-**

	03.31.20		***Breakdown by category of instruments***				
(in thousands of euros)	**Net book value in statement of financial position**	**Fair value**	**Fair value through profit or loss**	**Assets available for sale**	**Loans and receivables**	**Debts at amortized cost**	**Derivatives instruments**
Non-consolidated equity holdings							
Other non-current financial assets	7,995	7,995			7,995		
Other current financial assets	33	33			33		
Derivative instruments - assets							
Cash and cash equivalents	50,680	50,680	50,680				
Financial assets	**58,708**	**58,708**	**50,680**	**-**	**8,028**	**-**	**-**
Debt > 1 year	493	493			493		
Debt < 1 year	202,792	202,792				202,792	
Derivative instruments - liabilities							
Financial liabilities	**203,285**	**203,285**	**-**	**-**	**493**	**202,792**	**-**

IFRS 7 requires the classification of assets and liabilities measured at fair value according to a 3-level hierarchy:

- Level 1 includes valuations based on prices listed on an active market for identical assets or liabilities;
- Level 2 includes valuations based on directly observable market inputs other than Level 1 inputs;
- Level 3 includes inputs not based on observable market data.

The financial instruments used by EuropaCorp are all level 1.
When carrying out its everyday business, the Group is exposed to interest rate and foreign exchange risks that may impact its net position.

- *Interest rate risk:*

The Group's exposure to interest rate risk mainly concerns the amount drawn down from revolving credit lines.
The senior credit line bears interest at the LIBOR or EURIBOR rate plus a margin of 3.25%. The margin may be reduced by 25 basis points if the guarantees cover at least 150% of the outstanding credit.

The table below summarizes the maturities of financial assets and liabilities at September 30, 2020:

(in thousands of euros)	**09/30/2020**	***Maturities***		
		< 1 year	**1-5 years**	**> 5 years**
Fixed rate financial assets	-			
Variable rate financial assets	40,706	40,706		
Financial assets not exposed	7,738	43	7,085	610
Financial assets	**48,444**	**40,749**	**7,085**	**610**
Fixed rate financial liabilities	-			
Floating-rate financial assets	88,895	88,895		
Financial liabilities not exposed	494		494	
Financial liabilities	**89,389**	**88,895**	**494**	**-**

The following is a summary of the fluctuations in interest rate risk and sensitivity at September 30, 2020 (assumption used: 0.5-point increase in interest rates):

(in thousands of euros)	**Fixed rate**	**Variable rate**	**Not exposed**	**Total**
Financial assets		40,706	7,738	48,444
Financial liabilities		88,895	494	89,389
Net equity before hedging	**-**	**(48,189)**	**7,244**	**(40,945)**
"Hedging"		-		-
Net equity after hedging	-	(48,189)	7,244	(40,945)
Sensitivity	**-**	**(241)**		**(241)**

- *Foreign exchange risk:*

The Group is exposed to translation risk for the financial statements of subsidiaries whose accounts are denominated in foreign currency and to transaction risk in the event of fluctuations in exchange rates for income generated outside the Eurozone. This risk also stems from production costs in foreign currencies relating to parts of certain films shot outside the Eurozone. If a significant portion of the revenues generated on international markets is in foreign currencies, material production costs may also be expressed in the same currencies. Thus, the Group benefits from natural hedging based on the value of flows in the opposite direction.
The Group may also use financial instruments to hedge the foreign exchange risk on cash flows, notably in relation to US$/€ fluctuations. Consequently, when the Company settles significant expenses in foreign currencies, it may sign forward currency or currency option contracts with financial institutions as required.

In accordance with IAS 39, the Group chose not to apply hedge accounting; therefore, changes in the fair value of purchase transactions and forward sales in foreign currencies completed by EuropaCorp are accounted for under financial income. The fair value of these instruments, reported in assets or liabilities in the consolidated statement of financial position under "Other receivables" or "Other financial liabilities" is calculated based on their market value measured in accordance with the closing exchange rates.

At September 30, 2020, the Company did not have any hedging instruments measured at fair value.

- *Liquidity risk:*

The liquidity risk EuropaCorp is exposed to concerns the production and distribution of cinematographic works. Indeed, several months generally separate the investments required for the production and promotion of a film from the collection of exploitation revenues. This time lag may make it necessary to resort to bank financing. Although EuropaCorp is committed to limit its financial exposure as far upstream as possible with a presale policy of distribution rights abroad and of the TV broadcasting rights for the films it produces, EuropaCorp cannot guarantee that it will always be able to implement this policy or that this will eliminate all of the liquidity risk.

In order to cope under the best conditions with the time lag between investments and the collection of film exploitation revenues, EuropaCorp had a main revolving credit facility enabling it in particular to mobilize receivables linked to contracts for a maximum total amount equivalent to $190 million.

At March 31, 2020, €85.6 million had been drawn against this principal credit line.

This principal line of credit was to be repaid at the end of a 5-year period, i.e. no later than October 21, 2019. Within the framework of the safeguard plan, approved on July 24, 2020 by the Bobigny Commercial Court, the repayment of this credit line is scheduled over 7 years as follows:

Year	1	2	3	4	5	6	7
% repayment	34.0%	11.8%	10.6%	6.7%	12.4%	12.4%	12.1%

If the application before the Commercial Court of Bobigny to extend the duration of EuropaCorp SA's safeguard plan for an additional 2 years (cf. *6.2 Significant events since the reporting date*), was accepted, this payment schedule would be modified.

On July 30, 2020, EuropaCorp Pictures LLC in its capacity as Borrower, EuropaCorp Finance LLC in its capacity as Parent, the Lenders and Comerica Bank, acting in its capacity as Agent, entered into a credit agreement entitled Credit, Security, Guaranty and Pledge Agreement.

This new production revolving credit facility enables the Company to raise credit related to contracts of a maximum of $100 million which can, by mutual agreement, be increased by $25 million. The bulk of this credit comes directly or indirectly from a new generation of Vine funds (Funds IV), which are separate from the Vine funds that are current shareholders. The remainder of the credit may be awarded by some of the Vine funds.

The purpose of this credit is to pay the costs associated with producing and funding films, financing fees and interest and any working capital requirements. This new line of financing has a term of 5 years from the date of signature and bears interest at 8% per year (for further details, refer to the section entitled "Material contracts" of the 2019/2020 Universal Registration Document, pages 175 and 176).

- *Credit risk:*

The more significant debts concern the International Sales and TV Sales France businesses.
The credit risk for TV Sales France is deemed low taking into account the size of the broadcasters and the history and good relationships with them.

For international sales, the Group's policy is to choose, in each country where its films are distributed, preferred partners with whom it has worked on several occasions in the past, while still seeking to diversify its potential partners, particularly through regular contact with various foreign players at film markets such as Cannes (Marché du Film), Los Angeles (American Film Market) or Berlin (European Film Market).
Given that the credit risk is considered low, the EuropaCorp Group has not considered it necessary so far to arrange credit insurance.

The table below shows the overall credit risk, broken down in major asset categories at September 30, 2020:

(in thousands of euros)	**09/30/2020**
Trade receivables	21,332
Marketable securities	-
Other receivables exposed to credit risk	-
Total	21,332

- *Equity risk:*

EuropaCorp generally invests its available cash in money market products in euros or secure products (certificates of deposit, commercial paper, term accounts, etc). Consequently, the Company believes it is not exposed to any equity risk at September 30, 2020.
In addition, at September 30, 2020, EuropaCorp held 59,267 treasury shares with a value of €43 thousand.

(in thousands of euros)	**Other companies' or UCITS shares portfolio**	**Treasury shares portfolio**
Assets position	Nil	43
Off-balance sheet	Nil	-
Overall assets position	**Nil**	**43**

3.12 Trade payables and other current liabilities

Breakdown of other liabilities by type:

(in thousands of euros)	**09/30/2020**	**03/31/2020**
Trade payables	**43,776**	**51,594**
Equity investment liabilities	**-**	**-**
Advances and down-payments on orders	782	1,451
Taxes and social security contributions payable	10,298	11,903
Miscellaneous liabilities	3,543	82,810
Total other financial liabilities	**14,623**	**96,164**
Total operating liabilities	**58,399**	**147,757**

The sharp decrease in operating debt is explained by the capitalization on July 28, 2020 of the *Participation Deal*, through the €77.2 million capital increase reserved for the funds Vine Media Opportunities - Fund III and Falcon Strategic Partners IV, LP, paid up by way of offsetting with the *Participation Deal*, recorded under "Other liabilities" at March 31, 2020.

"Trade payables" at September 30, 2020 mainly comprise accrued expenses consisting of repayments due to third parties.

Taxes and social security contributions primarily comprise collected VAT and expenses payable for miscellaneous taxes and social security contributions.

All current liabilities have a maturity of less than one year.

3.13 Other assets and liabilities (current and non-current)

Other current assets mainly consisted of prepaid expenses amounting to €409 thousand at September 30, 2020, relating to productions yet to be released via the chosen media.

Other current liabilities solely comprised deferred income corresponding to billed revenues reported as revenue based on an event that had not occurred at September 30, 2020. Deferred income is posted under non-current liabilities when the maturity for revenue recognition is beyond one year. The portion of deferred income maturing within one year amounted to €6,650 thousand.

Other current and non-current liabilities break down as follows:

(in thousands of euros)	**09/30/2020**	**03/31/2020**
Subsidies	-	-
Other deferred income	440	551
Total deferred income	**440**	**551**
TV rights items	6,692	12,302
Undelivered international sales	520	3,097
Total contract liabilities	**7,211**	**15,399**
Total other	**3,463**	**2,997**
Total other current and non-current liabilities	**11,115**	**18,947**

NOTE 4 – NOTES TO THE CONSOLIDATED PROFIT AND LOSS STATEMENT

4.1 Revenue

(in thousands of euros)	**09/30/2020**	**09/30/2019**
Production	24,477	30,419
Distribution	204	6,623
Video	437	2,958
Events	(25)	107
Miscellaneous	1,067	592
Revenue	**26,159**	**40,698**
Of which support funding generated (including COSIP)	-	*890*
Of which revenue from exports	*11,312*	*15,637*

Consolidated revenue for EuropaCorp Group was €26.2 million, compared with €40.7 million for the first half of the previous financial year, i.e. a decrease of 36%.

"Production" revenue:

International sales stood at €9.8 million, or approximately 37% of total revenue. They increased by €0.5 million compared with the first half of the previous financial year (€9.3 million at September 30, 2019). They included the royalties on the films *Lucy* and *Taken 3* as well as the latest deliveries on *Kursk* and *Renegades*.

Television & SVOD sales in France and the United States totaled €11.2 million in the first half of the 2020/2021 financial year, i.e. 43% of total revenue, down €5.5 million (-33%) on the first half of the previous financial year (€16.7 million at September 30, 2019). They include the opening of new windows of rights in France, in particular to *Taxi 5* and *Anna*.

The revenue of the TV Series business amounted to €3.3 million, corresponding to the royalties on the *Taken* series, compared to €3.1 million for the first half of 2019/2020.

Revenues from derivative rights (partnerships, licenses, etc.), post-production and co-production signed by the Group totaled €1.3 million in the first half of the financial year, compared with €1.0 million in the first half of the previous financial year.

"Distribution" revenue:

The revenue from Theatrical distribution amounted to €0.2 million, with no theatrical releases during the half year, compared to €6.6 million in the first half of 2019/2020, which was marked by the release of Nous finirons ensemble (Little White Lies 2) which achieved 2.8 million admissions in France.

"Video" revenue:

The Video & VOD segment in France and the United States stood at €0.4 million and represented around 2% of the half-year revenue, compared to €3.0 million during the first half last year. The main sales concerned the films Anna and Nous finirons ensemble (Little White Lies 2) in France.

As a reminder, the Group's revenue is generally dependent on the releases of its films through various channels. Indeed, the timetable of these releases can give rise to significant fluctuations in the revenue earned by each channel from one half-year to another. Therefore, half-year revenue and profit are not necessarily indicative of annual revenue and profit.

4.2 Operating margin

The EuropaCorp Group's operating margin thus fell by 19% to €10.6 million compared with €13.2 million for the first half of the previous financial year. However, the margin rate was significantly up to 41% compared to 32% in the first half of the previous financial year. This profit margin is mainly due to a high level of margin from catalog operations, which accounted for the bulk of revenue during this half year.

4.3 Overheads

Overheads amounted to €(6.1) million for the half-year ended September 30, 2020, decreasing compared to the level of overheads relative to the first half of the previous financial year, namely €(9.7) million. These savings of €3.6 million compared to September 30, 2019 (-37%) confirm the effectiveness of the measures implemented by the Group to reduce general and administrative expenses, which had already decreased by €13.3 million (-45%) for the financial year ended March 31st, 2020.

4.4 Other operating income and expense

(in thousands of euros)	**09/30/2020**	**09/30/2019**
Other operating income and expense	**(2,409)**	**(5,193)**

Other operating income and expenses amounted to -€2.4 million and mainly include fees related to the debt restructuring finalized in the summer of 2020.

4.5 Financial income

(in thousands of euros)	**09/30/2020**	**09/30/2019**
Net debt financial income	(3,020)	(10,744)
Other financial income and expenses	1,099	(5,771)
Net gain from debt restructuring	134,921	-
Financial income	**133,000**	**(16,515)**

Financial income amounted to €133.0 million over the first half-year, compared with €(16.5) million for the first half of 2019/2020. In compliance with IFRIC 19, the equitization of the second and third lien debts of Vine and Falcon has been recognised at fair value of the shares issued on 28 July 2020. In this respect, the Company reported a profit of €134.9 million representative of the difference between the fair value of the 81,124,722 new shares issued on the day of the capital increase, namely 57.6 million based on a stock exchange price of €0.71 per share, and the book value in the balance sheet of the extinguished liability.

This improvement is also explained by a substantial decrease in the cost of the financial debt, which decreased by €(10.7) million to €(3.0) million, due to the capitalization of the Mezzanine debt.

"Other financial income and expenses" mainly includes acquired and unrealized foreign exchange differences, with a positive foreign exchange result of approximately €3.3 million compared with a foreign exchange loss of €(4) million last year, linked to the change in the euro/US dollar exchange rate over the period, as well as bank commissions relating to the implementation of the new Vine/Comerica credit line (€1.5 million) and rental expenses reclassified as interest pursuant to IFRS 16 (€0.6 million).

4.6 Tax

Breakdown of tax by type:

(in thousands of euros)	**09/30/2020**	**09/30/2019**
Current tax	(3)	50
Deferred tax	(11,187)	(4,036)
Total tax income/(expense)	**(11,190)**	**(3,985)**

The tax expense of the half-year mainly corresponds to deferred tax resulting from a decrease in deferred tax assets related to temporary differences in amortization.

NOTE 5 – OTHER INFORMATION

5.1 Notes on the statement of cash flows

Cash flows from operations

At September 30, 2020, the operating activity generated a net cash flow of (3.9) million, compared to €11.8 million at September 30, 2019. This decrease is mainly due to the absence of new films delivered internationally during the first half of the 2020/2021 financial year, as well as to the payment of significant fees upon approval of the safeguard plan in July 2020 (lawyers, advisors, etc.).

Cash flows from investments

At September 30, 2020, the net cash flows from investments amounted to €1.5 million compared to €(0.3) million at September 30, 2019, an decrease of €1.8 million mainly explained by the disposal of the assets held by Digital Factory in Normandy for €1.5 million.

Concerning investments in films and series, given the restructuring operations completed in July 2020, no investments in films and series were made during the period (€0.1 million compared to €0.2 million in the first half of 2019/2020). Development has nevertheless continued and the Company currently has several scripts for films and television series. The projects are ready to begin production as soon as the associated financing can be secured.

Cash flows from financing

As of September 30, 2020, net cash used in financing activities amounted to €(9.7) million, mainly including the reduction of rental debt for €(5.6) million, financial interest expenses for €(3) million and arrangement fees for the new line of credit for €(1.6) million.
They also include a decrease in debt of €192.6 million in exchange for the share capital increase of 191.0 million.

5.2 Relations with related parties

The agreements signed with related parties have been identified in the 2019/2020 Universal Registration Document, filed with the French Financial Markets Authority (Autorité des marchés financiers - AMF) on July 30, 2020, in Section 17 “Transactions with related parties” and in Note 5.2 “Relations with related parties”.
Apart from those described in the 2019/2020 Universal Registration Document, there were no new agreements with related parties during the first half of 2020.

The table below summarizes flows and balances of related-party transactions:

(in thousands of euros)	**09/30/2020**	**03/31/2020**
Statement of financial position		
Receivables		
Trade receivables and other operating receivables	785	622
Debit balances and other current financial receivables	-	-
Debt	-	-
Other non-current financial liabilities	-	20
Trade payables and other operating liabilities	10	76
Financial current accounts receivables	-	-
	-	-
Profit and loss statement	-	-
Revenue	328	965
Operating expenses	(31)	602
Financial expenses	-	-
Financial income	-	-

5.3 Commitments and contingent liabilities

The Group's off-balance sheet commitments at September 30, 2020, are as follows (in thousands of euros):

Commitments received by EuropaCorp (in thousands of euros)	**09/30/2020**	**03/31/2020**
Commitments received from clients		
For the cinematographic business	*3,954*	*2,963*
Support funds for audiovisual activities	*2,105*	*2,105*
Financial commitments for leases*	5,547	6,339
Total commitments received	**11,606**	**11,407**

** Relates to the sub-lease agreements for the La Cité du Cinéma business park.*

Commitments made to third parties (in thousands of euros)	**09/30/2020**	**03/31/2020**
Financial commitments for leases**	0	0
Vine Participation	0	0
Financial commitments for cinematographic investments	0	0
Total commitments made	**0**	**0**

*** Relates to the lease agreement for the La Cité du Cinéma business park, with a term of 12 years starting from April 6, 2012.*

Total net commitments (received - made)	**11,606**	**11,407**

The off-balance sheet commitments received in connection with operations mainly come from the signature of sales contracts signed on feature-length films.

5.4 Subsequent events

Award of free shares

By decision of October 26, 2020, and on the proposal of the Appointments and Remuneration Committee on the same day, the Board of Directors decided to set up a plan for the free allocation of 591,787 shares of EuropaCorp SA for the benefit of the employees and corporate officers of EuropaCorp and its subsidiaries located in France. Similarly, by decision of November 16, 2020, and on the proposal of the Appointments and Remuneration Committee on the same day, the Board of Directors decided to set up a plan for the free allocation of 436,365 EuropaCorp SA shares.

These decisions fall within the scope of the authorization granted by the combined general meeting of EuropaCorp shareholders of September 28, 2020, in its 28th resolution, to make free allocations of shares to employees or corporate officers of the company and affiliated companies within the meaning of Article L. 225-197-2 of the French Commercial Code, up to a limit of 10% of the share capital.

The Board of Directors also decided to set the vesting period at 1 year (this period running from the date of this decision) and the retention period at 1 year (this period running from the end of the vesting period).

Finally, the Board of Directors specified that the said shares will only be effectively and definitively acquired by the beneficiaries at the end of the vesting period and that this operation will be carried out by the allocation either of new shares, to be issued within the framework of one or more capital increases, or of existing shares, resulting from repurchases made by the Company within the framework of its share buyback program.

Impacts of the second COVID wave

In accordance with Article 5 of Order No. 2020-596 of May 20, 2020, the Commissioners for the execution of the Plan, filed a motion before the Bobigny Commercial Court to extend the duration of the EuropaCorp SA Safeguard Plan by an additional 2 years, so that the total duration of the Safeguard Plan would be 9 years from July 24, 2020, implying a new payment schedule. Other terms and conditions of the plan that are not inconsistent with the foregoing remain unchanged.

NOTE 6 – OPERATING SEGMENTS AND DATA BY SEGMENT

6.1 Overview of the standard

6.1.1 General context

Under IFRS 8, the Group must disclose information "to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates."
As a consequence, the Group defined its operating segments in compliance with the standard's criteria to present separate information by segment.

6.1.2 Definition of operating segments

An operating segment is a component of the company:

- carrying out activities likely to generate income and expenses;
- whose operating profit (loss) is regularly reviewed by the main operational decision-maker in the entity to make decisions in relation to the resources to be allocated to the segment and assess its performance;
- for which separate financial information is available.

As such and taking into account the approach set out by IFRS 8, operating segments have been identified based on internal reporting.

6.2 Identification of the EuropaCorp Group's operating segments

The Group tracks its performance by monitoring its activities and businesses.

Following the acquisition of the Blue Group, the EuropaCorp Group now operates in four different areas constituting as many "operating segments" under IFRS 8, detailed below:

- *Production and distribution of films*:
  This segment includes all operations involving films, namely: distribution to theaters, video releases, TV sales, international sales, partnership and licensing, line production, income from coproduction, etc.

- *Production and distribution of TV films and series*:
  This segment covers all operations for TV films and TV series. They are carried out by subsidiaries EuropaCorp Television (formerly Cipango), wholly owned since July 30, 2014, by EuropaCorp and EuropaCorp TV.
  This segment's duration of production cycles, funding means and the elements generating the margin are different from the segment "Production and Distribution of films", which justifies the existence of a separate operating segment.

- *Events*
  This segment comprises all operations to run events inside or outside La Cité du Cinéma and corresponds to the activities of Blue Event, fully consolidated since February 28, 2013 following the capital increase through contribution in kind.

- *Other:* This segment includes all related activities not directly connected to the screening of films in theaters or their broadcasting on TV, namely: book publishing, miscellaneous revenue, etc.

6.3 Financial information by operating segment

The measurement and presentation method for the figures relating to each operating segment is compliant with the accounting policies and methods described for the preparation of consolidated financial statements.

6.3.1 Consolidated statement of financial position by operating segment

09.30.2020	Production and Distribution of films	Production and Distribution of TV films and series	Events	Other	Non allocated items	Total
Net goodwill	0	0	0	0		0
Net intangible assets	38,394	4,111	0	0		42,505
Property, Plant and Equipment (net)	3,562	0	2	5		3,569
Other financial assets (net)	7,334	361	0	0		7,695
Investments in associates	0	0	0	0		0
Deferred tax assets	7,820	28	0	45		7,893
Other non-current assets (net)	9,874	0	0	0		9,874
Total non-current assets	*66,984*	*4,499*	*2*	*50*	*0*	*71,536*
Inventory	231	0	0	0		231
Net trade receivables	23,392	2,601	48	16		26,057
Other net receivables	22,598	422	119	1,380		24,519
Other net current assets	451	0	0	0		452
Cash and cash equivalent	31,495	8,494	365	352		40,706
Total current assets	*78,167*	*11,518*	*532*	*1,748*	*0*	*91,965*
TOTAL ASSETS	**145,151**	**16,017**	**534**	**1,798**	**0**	**163,500**
Equity - Group share	*0*	*0*	*0*	*0*	*(13,908)*	*(13,908)*
Non-controlling interests	*0*	*0*	*0*	*0*	*303*	*303*
Provisions for pensions and other post-employment	380	0	0	0		380
Deferred tax liabilities	1,789	871	0	1		2,662
Bonds and financial liabilities > 1 year	11,500	0	0	0		11,500
Lease liability - long term (> 1 year)	0	0	0	0		0
Deposits and guarantees received	494	0	0	0		494
Equity investment liabilities > 1 year	0	0	0	0		0
Other non-current liabilities	7,004	80	0	3,147		10,231
Total non-current liabilities	***21,167***	***951***	***0***	***3,149***	***0***	***25,266***
Bonds and financial liabilities < 1 year	88,887	6	0	2		88,895
Lease liability - short term (< 1 year)	2,523	0	0	0		2,523
Provisions for risks and expenses	1,096	0	0	42		1,138
Trade payables	40,795	427	63	2,491		43,776
Equity investment liabilities < 1 year	0	0	0	0		0
Other financial liabilities	12,182	2,291	51	99		14,623
Other current liabilities	884	0	0	0		884
Total current liabilities	***146,367***	***2,723***	***115***	***2,634***	***0***	***151,839***
TOTAL LIABILITIES	**167,534**	**3,674**	**115**	**5,783**	**(13,605)**	**163,500**
Films and audiovisual rights investments	52	0	0	0	**0**	52

6.3.2 Présentation du Compte de Résultat consolidé par secteur opérationnel

09.30.2020	Production and Distribution of films	Production and Distribution of TV films and series	Events	Other	Total
Revenue	**21,777**	**3,302**	**(25)**	**1,105**	**26,159**
Cost of sales	(12,513)	(2,959)	3	(51)	(15,521)
Operating margin	**9,265**	**343**	**(23)**	**1,054**	**10,638**
General and administrative expenses	(6,091)	0	0	0	(6,091)
Other operating income and expenses	(2,409)	0	0	0	(2,409)
Operating profit (loss)	**765**	**343**	**(23)**	**1,054**	**2,138**
Financial income	**133,000**	**0**	**0**	**0**	**133,000**
Income tax	(7,897)	(1)	14	(3,305)	(11,190)
Share in results of associates consolidated using	0	0	0	(451)	(451)
Share of non-controlling interests	0	14	(5)	0	9
Net income - Group share	**125,867**	**328**	**(4)**	**(2,703)**	**123,488**

C – STATUTORY AUDITORS' REPORT

Period of April 1, 2020 to September 30, 2020
Statutory Auditors' report on the interim financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, and in application of Article L.451-1-2 III of the French Monetary and Financial Code, we have performed:

- a limited review of the accompanying interim condensed consolidated financial statements of EuropaCorp SA for the period from April 1 to September 30, 2020;
- verifications on the information provided in the half-yearly activity report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors on December 29, 2020, based on the information available at that date in the context of the evolving crisis related to Covid-19 and the difficulties in assessing its impact and future prospects. Our responsibility is to express our conclusion on these financial statements, based on our limited review.

I - Conclusion on the financial statements

We have conducted our limited review in accordance with professional standards applicable in France.

A limited review mainly consists of interviewing management in charge of accounting and financial matters and applying analytical procedures. These procedures are less broad in scope that those required for an audit performed in accordance with French auditing standards. Accordingly, a limited review only provides moderate assurance, which is less assurance than that provided by an audit, that the financial statements taken as a whole are free of material misstatements.

On the basis of our limited review, we did not note any significant anomalies liable to call into question the compliance of the interim condensed consolidated financial statements with standard IAS 34, the IFRS framework standard on interim financial reporting as adopted in the European Union.

Without qualifying the conclusion expressed above, we draw your attention to Note *2.2 Continuity of operations* to the condensed interim consolidated financial statements concerning the impact of the Covid-19 crisis on the consolidated financial statements for the period.

II - Specific verification

We have also verified the information given in the half-year management report commenting on the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the interim condensed consolidated financial statements.

Paris and Vincennes, December 29, 2020

The Statutory Auditors

Auditeurs & Conseils Associés
représenté par
Eric Chapus

Acofex
représenté par
Bruno Malivoire

D - PERSON RESPONSIBLE FOR THE DOCUMENT

I certify that, to my knowledge, the interim condensed consolidated financial statements are prepared in accordance with applicable accounting standards and give a true and fair view of the assets and financial position and results of EuropaCorp, and all of the companies included in the scope of consolidation, and that the interim activity report accurately presents the significant events that occurred during the first six months of the financial year and their impact on the interim condensed consolidated financial statements, the main transactions between related parties, and the principal risks and uncertainties for the remaining six months of the financial year.

Saint-Denis, December 30, 2020

Axel Duroux
Chief Executive Officer