



EUROPACORP

PRESS RELEASE

Annual results FY 2020/2021

- ❖ EuropaCorp recorded a positive operating profit of €3.7 million thanks to the margin on its film and TV series catalog and the continued control of overheads, which are still on a downward trend.
- ❖ Current income before income tax was positive at €2.9 million, excluding the €134.9 million "technical" profit linked to the equitization of the mezzanine debt in July 2020, as a result of the normalization of the financial result following this operation.
- ❖ After taking into account this "technical" profit and the net deferred tax charge, net income for the year was €122.7 million.
- ❖ These positive results are the fruit of the Group's efforts to improve its operations and financial structure.

Saint-Denis, June 24, 2021 – EuropaCorp, one of the leading independent film studios in Europe, film producer and distributor, reports its annual consolidated income, which ended on March 31, 2021, as approved by the Board of Directors at its meeting on June 23, 2021.

Profit & Loss – in millions of euros	31 March 2021	31 March 2020	Variation (€M)
Turnover	41.5	69.8	-28.3
Cost of sales	(22.5)	(48.3)	25.8
Operating margin	18.9	21.4	-2.5
<i>% of revenue</i>	46%	31%	
Overheads	(15.7)	(16.2)	0.6
Other income and expenses	0.4	(64.3)	64.7
Operating profit (loss)	3.7	(59.1)	62.8
<i>% of revenue</i>	9%	-85%	
Financial income	(0.8)	(26.6)	25.8
"Technical" profit from debt restructuring (IFRIC 19)	134.9		134.9
Current income before income tax	137.8	(85.7)	223.5
Tax	(14.6)	(8.5)	-6.1
Equity in net earnings of associated companies	(0.6)	(0.8)	0.3
Net income	122.7	(95.1)	217.7
<i>% of revenue</i>	296%	-136%	

For information

Current income before income tax exclusive of "technical" profit	2.9	(85.7)	88.6
<i>% of revenue</i>	7%	-123%	

- **The decline in revenue to €41.5 million (against €69.8 million during the previous fiscal year) is mainly explained by the absence of new films during the financial restructuring finalized in July 2020 and by the Covid-19 epidemic which has constrained the resumption of productions. The exploitation of EuropaCorp's catalog thus constitutes the bulk of revenues.**

Revenue from **International sales** stood at €12.1 million for the fiscal year, representing approximately 29% of total turnover, versus 14.8 million for FY 2019/2020. They comprised mainly of significant overages collected on films from the catalog (mainly *Lucy* and the trilogy *Taken*), as well as the last deliveries of the films *Kursk* and *Renegades* in China.

Revenue from **Theatrical distribution** in France was €0.6 million for FY 2020/2021, or around 1% of total revenue, against €8.7 million in 2019/2020. This revenue corresponds in FY 2020/2021 to the last receipts received for the exploitation in the French theatres of *Nous finirons ensemble* (*Little White Lies 2*).

Revenue from **Video & VOD** in France and the United States represented around 3% of the annual revenue, coming in at €1.3 million, versus €4.9 million in FY 2019/2020. This turnover included video and VOD sales realized in the United States, in particular for *Valerian and the City of a Thousand Planets*, and in France for *Little White Lies 2* (*Nous finirons ensemble*) and *Taxi 5* (though less significant than during the previous financial year).

Revenue from **Television & SVOD** sales in France and the United States stood at €19.0 million, or 46% of total revenue, versus €27.3 million for last financial year. This turnover was mainly driven by the French market and corresponds essentially to the opening of broadcasting rights windows for films from the catalog such as *Taxi 5*, *Anna, Bis, It Boy* (*20 ans d'écart*), and the trilogy *Taken*.

Revenue from **TV Series** production was €5.6 million for FY 2020/2021, or 14% of total revenue, against €6.0 million for FY 2019/2020. This revenue corresponds to the international exploitation of the series *Taken* (overages).

Revenue from **Other activities** comprised mainly of post-production, licenses, partnerships and coproduction / line production receipts and was €2.8 million (including €0.6 million for post-production), or 7% of total turnover, against €7.0 million for the previous financial year which included coproduction receipts for the film *Little White Lies 2* (*Nous finirons ensemble*).

- **The operating margin rate improved significantly to 46% (compared with 31% for FY 2019/2020), mainly due to the high proportion of the catalog in this year's revenues. With the normalization of overheads (structural rationalization) and financial result (equitization of the mezzanine debt), the current income before income tax (excluding the "technical" profit linked to the restructuring of the debt) is positive at €2.9 million.**

The consolidated operating margin was €18.9 million, compared with €21.4 million in the previous fiscal year, a decrease of €2.5 million due to the lower revenues. The decrease in the cost of sales linked to the high proportion of the catalog in the revenues for the year (lower amortization) enabled the margin rate to increase from 31% to 46%.

Overheads amounted to €15.7 million, a saving of €0.6 million compared with the previous fiscal year (-3%), confirming the effectiveness of the measures implemented by the Group to reduce its overheads, which have fallen by a total of €37.3 million over the last four financial years.

Operating profit was €3.7 million, compared to €(59.1) million in the previous fiscal year, which was impacted by non-recurring items related to the financial restructuring.

Exclusive of the "technical" profit linked to the capital increases accounting, net financial income was €(0.8) million, compared with €(26.6) million in the previous fiscal year. This decrease of nearly €26 million is explained for €14 million by the equitization of the mezzanine debt in July 2020 and the subsequent savings in financial interest, and for €9 million by a positive foreign exchange result (+€5 million compared to -€4 million in the previous fiscal year).

The current income before income tax (exclusive of the "technical" profit) is thus positive at €2.9 million, thanks to the operating margin on the catalog covering overheads and financial result.

A "technical" profit linked to the two capital increases resulting from the July 2020 debt restructuring was recorded for €134.9 million. This is the application of IFRIC 19, which reflects in the consolidated income statement the difference between the book value of the converted debt and the fair value of the shares issued.

The current income before income tax was then €137.8 million, compared with €(85.7) million in the previous fiscal year.

After the tax impact of €(14.6) million, mainly related to deferred tax on temporary differences in amortization, net income was €122.7 million, compared with €(95.1) million the previous fiscal year.

- **Net cash flow from operations was down at €2.9 million, reflecting the decrease in revenues of the year and the payment of significant restructuring costs at the end of the safeguard period. As no investments were made in the production of new projects, and after taking into account in particular the payment of interest, the overall change in cash over the year was €(3.4) million.**

Net cash flow from operations was €2.9 million, compared with €30.9 million in the previous year.

This decrease of €28 million is explained in particular by:

- (i) Higher cash inflows from operations in the previous fiscal year (receipts from the theatrical distribution of the film *Nous finirons ensemble* as well as higher international and TV sales) ;
- (ii) The payment of significant fees at the end of the safeguard procedure in July 2020.

As a result of the financial restructuring and the Covid-19 epidemic, the Group has had to delay the start of production of new projects. The health conditions following the end of the safeguard procedure have significantly complicated the organization of production, especially for English-language films with an international footprint. As a result, no production investments were made during the year (€0.5 million against -€0.2 million in the previous fiscal year).

As announced on March 16, 2021, following the Covid-19 epidemic and its impact on the Group's production restart, a request was made to the Bobigny Commercial Court to extend the duration of EuropaCorp S.A.'s safeguard plan by an additional two years. The request was validated and the total duration of the safeguard plan has thus been extended from 7 to 9 years from July 24, 2020, implying a new repayment schedule.

As a reminder, the Group is not experiencing any short-term cash flow pressure at this stage and already has several film projects ready to go into production.

- **The financial structure has been considerably strengthened following the equitization of the mezzanine debt.**

As of March 31, 2021, net debt amounted to €44 million, compared to €153 million as of March 31, 2020. This decrease is the result of the share capital increase reserved for the Vine funds, the Company's main creditor at the time, by way of offsetting the mezzanine debt for a total amount of approximately €115 million.

Besides, on July 30, 2020, the Group entered into a credit agreement with certain of the Vine funds and the agent Comerica to finance the production costs of its upcoming projects. This new production revolving credit facility enables the Company to raise up to \$100 million related to contracts receivables, and can, by mutual agreement, be increased by \$25 million. To date this revolving line is undrawn.

- **The Group's outlook, subject to the control of the Covid-19 epidemic, is to put into production as soon as possible film and TV series projects that are 100% pre-financed.**

The Group is pursuing its strategy to launch new film productions with a target of two English-language films and one French-language film per year, and English-language television series with strong international potential.

EuropaCorp currently has several film projects ready to go into production, but the evolving health conditions linked to Covid-19 have significantly complicated the organization of the production launch, especially for English-language projects with an international footprint.

While taking into account the evolution of the market, the Company has continued to develop content corresponding to the type of films and TV series that have made the Group's reputation, and production will start as soon as possible.

The Group is also developing docuseries with three main focuses that correspond to the DNA of EuropaCorp and its founder Luc Besson:

- The environmental cause;
- Urban territories;
- The world of cinema.

Financial calendar

- Annual General Meeting: September 2021
- Revenue and consolidated financial statements for the 1st semester: December 2021
- Annual revenue: May 2022
- Annual consolidated financial statements: June 2022

ABOUT EUROPACORP

Founded in 1999, EuropaCorp has grown to become the leading film and series production studio in Europe. The Group's international activities cover the entire film value chain with expertise in production, theatrical distribution, international sales, TV, video & VOD, and music publishing. EuropaCorp is able to ensure creativity and quality throughout the lifecycle of its films and television projects. The Group has produced or co-produced more than 120 films and has distributed more than 160 of them in French cinemas. Since 1999, it has produced 10 of the 20 biggest French hits internationally and 22 films among the 70 French productions with the most international admissions (source: Le film français – May 17, 2019). The Group has also been active since 2010 in the production of TV series and single titles for platforms worldwide.

EuropaCorp was created by the director, screenwriter and producer Luc Besson.

More information on www.europacorp.com

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EuropaCorp is listed on the C Compartment of Euronext Paris
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