



# EUROPACORP

## PRESS RELEASE

### 2020/2021 half-year results and availability of half-year financial report

- EuropaCorp reached an operating margin of €10.6 M (or 41% of revenues), and decreased its overheads by 37%
- EuropaCorp completed two share capital increases in July 2020, putting an end to two years of financial restructuring which has limited the Company's development; this operation has generated a "technical profit" in the consolidated accounts of €135 M
- However, excluding this "technical" profit, the Group would report a net result in deficit at €(11.4) M, hampered by a particularly high deferred tax
- The COVID-19 pandemic had limited impact on half-year results, but affects outlook

**Saint-Denis, 30 December 2020** – EuropaCorp, producer and distributor of films and TV series, announces today its revenue and consolidated half-year results as at 30 September 2020, and the availability of its half-year financial report.

#### Half-yearly results – HY1 2020/2021

<i>Consolidated income (€ million)</i>	<b>30 Sept. 2020</b> (6 months)	<b>30 Sept. 2019</b> (6 months)	<b>Variation (€M)</b>
<b>Revenue</b>	<b>26.2</b>	<b>40.7</b>	<b>(14.5)</b>
Cost of sales	(15.5)	(27.5)	12.0
<b>Operating margin</b>	<b>10.6</b>	<b>13.2</b>	<b>(2.5)</b>
<i>% of Revenue</i>	<i>41%</i>	<i>32%</i>	
Overheads	(6.1)	(9.7)	3.6
Other income and expenses	(2.4)	(5.2)	2.8
<b>Operating profit (loss)</b>	<b>2.1</b>	<b>(1.7)</b>	<b>3.8</b>
<i>% of Revenue</i>	<i>8%</i>	<i>-4%</i>	
Financial income	133.0	(16.5)	149.5
Tax	(11.2)	(4.0)	(7.2)
Equity in net earnings of associated companies	(0.5)	(0.5)	0.1
<b>Net Income</b>	<b>123.5</b>	<b>(22.8)</b>	<b>146.2</b>
<i>% of Revenue</i>	<i>472%</i>	<i>-56%</i>	
<i>Net Income (Group share)</i>	<i>123.5</i>	<i>(22.7)</i>	<i>146.2</i>

- **Revenues at €26.2 M, decreasing by 36% compared with the first semester of last fiscal year due notably to the absence of theatrical releases and less revenues from the film catalogue**

**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*.

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.

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.

**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*.

The revenue of the **TV Series** business amounted to €3.3 million (royalties on the *Taken* series), compared to €3.1 million at September 30, 2019.

The **Other activities** item generated a total of €1.3 million, 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.

- **Operating margin at €10.6 M, or a margin rate of 41% versus 32% for the first half of 2019/2020**

On account of lower revenues, operating margin decreased by 19% to €10.6 million versus €13.2 million for the first half of the previous financial year. But operating margin rate increased to 41% versus 32% during the first half of 2019/2020. This improvement is mainly explained by the decrease in amortization expenses on films from catalogue.

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 31<sup>st</sup>, 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.

- **Financial income amounted to €133 M over the first half-year, compared with €(16.5) M for the first half of 2019/2020, including a "technical" profit of €134.9 M for the first half of 2020/2021**

This improvement is mainly due to:

- ~€134.9 M: a "technical" restructuring profit due to the two capital increases completed in July 2020. Indeed, pursuant to IFRIC 19, the difference between the accounting value of the capitalized debts and the fair value of the issued shares needs to be reflected as part of the net consolidated results of the Group.
- ~€8 M: 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)
- ~€7 M: 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 €/€ exchange rate over the period.

Having accounted for €(11.2) million in tax, linked to temporary differences in amortization, compared with €(4.0)

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

➤ **Decreasing cash flows from operations during financial restructuring, the same as investments**

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.).

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.

➤ **A healthier financial structure following the share capital increases**

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.

Globally, the two capital increases completed on July 28, 2020 for a total amount of approximately €191 million have been accounted for up to €56 million as increase of share capital and issuance premium and up to €135 million as "technical" restructuring profit as part of the financial result.

Besides, on July 30, 2020, the Group entered into a credit agreement with some of the Vine funds and the agent Comerica to finance the production costs of its next projects. 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. To date this revolving line is undrawn.

➤ **An outlook correlated with the evolution of the COVID-19 epidemic**

Due to finalization of financial restructuring, with no ongoing productions or films to be released, the Company has to this day not been impacted much by the COVID-19 epidemic.

The Group currently has several projects ready to begin production but the evolving health situation makes it difficult to organize production, especially for English-language films with international dimension.

Several projects of films with a start of production planned during autumn 2020 have been delayed to spring 2021, shifting the forecast in the business plan approved by the Safeguard Plan. In compliance with the article 5 of the ordinance n°2020-596 of 20 May 2020, judicial representatives (« commissaires à l'exécution du Plan ») presented on 14 December 2020 a judicial request to the Commercial Court of Bobigny pursuant to "COVID-19" exceptional measures in order to extend the duration of the Safeguard Plan by an additional two years. Total duration of the Safeguard Plan would then be 9 years from 24 July 2020, involving a new repayment schedule. Other terms and conditions of the Plan which are not in contradiction with the foregoing would remain unmodified. The hearing related to this request has been postponed by the Commercial Court until the first quarter of 2021.

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 (excluding the "technical" profit of +€135 million).

## **Availability of half-year financial report**

Half-year financial report as of September 30<sup>th</sup>, 2020 has been submitted to the Autorité des Marchés Financiers today. This document is available on the Company's website <http://www.europacorp.com/en/> in the section Corporate – Periodical Financial Reports.

Copies of the document are also available at the Company's head office (EuropaCorp – Cité du Cinéma – 20 rue Ampère, 93200 Saint-Denis, France).

Included in the report are notably the following documents:

- Activity Report of the EuropaCorp Group;
- Consolidated financial statements as of September 30<sup>th</sup>, 2020.

## **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](http://www.europacorp.com)*

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