French public limited company (société anonyme)
with a Board of Directors
and share capital of €41,514,758.54
Registered office: 20 rue Ampère
93200 Saint-Denis – France
RCS Bobigny 384 824 041

# UNIVERSAL REGISTRATION DOCUMENT

This Universal Registration Document was filed with the French Financial Markets Authority (Autorité des marchés financiers - AMF) on July 30, 2020, in its capacity as competent authority under Regulation (EU) No. 2017/1129, without prior approval in accordance with Article 9 of said regulation.

The Universal Registration Document may be used for the purpose of a public offering of financial securities or for the admission of financial securities for trading on a regulated market if accompanied by an operation note and, if relevant, a summary of any amendments made to the Universal Registration Document. Together, these are approved by the AMF in accordance with Regulation (EU) No. 2017/1129.

Copies of this Universal Registration Document are available free of charge from EuropaCorp at 20 rue Ampère, La Cité du Cinéma, 93413 Saint-Denis Cedex, as well as from the Company's website (www.europacorp.com) and the AMF's website (www.amf-france.org).

# Contents

*N.B.: Unless otherwise stated for more recent information, all disclosures contained in this document are as of March 31, 2020*

# 1. PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT, INFORMATION FROM THIRD PARTIES, APPRAISERS' REPORTS AND APPROVAL BY THE COMPETENT AUTHORITY

## *1.1 Person responsible for the Universal Registration Document*

Luc Besson, Chief Executive Officer.

## *1.2 Statement by the person responsible for the Universal Registration Document*

*"I hereby certify, having taken all reasonable measures to that end, that the information contained in this Universal Registration Document is, to my knowledge, correct and free from material misstatement.*

*I certify that, to my knowledge, the separate and consolidated financial statements of EuropaCorp (EuropaCorp or the Company) have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and earnings of the Company and of all companies included within the scope of consolidation (the Group), and that the management report provides an accurate picture of the business performance, earnings and financial position of the Company and of all companies included within the scope of consolidation as well as a description of the principal risks and uncertainties they face."*

Saint-Denis, July 30, 2020

Luc Besson
Chief Executive Officer of EuropaCorp

Régis Marillas
Deputy CEO of EuropaCorp

*1.3 Name, address, qualifications and potential conflicts of interest of those acting as experts*

### 1.3.1 Appraisal of the audiovisual rights catalog

The Company asked the Accuracy consulting firm (based at 41 rue de Villiers, 92200 Neuilly-sur-Seine), to conduct an independent appraisal of its catalog of audiovisual rights as of March 31, 2020. Accuracy is specialized in corporate financial advisory.

Accuracy has no ties with EuropaCorp, Front Line, their subsidiaries or their corporate officers that could call into question its independence. Moreover, it has no material interest in the Company within the meaning of the recommendations of the Committee of European Securities Regulators. It authorized the Company to disclose the conclusions of its appraisal in public documents. To the Company's knowledge, the information relating to this appraisal and stemming from a third party was faithfully reproduced and there are no omissions liable to make the information reproduced inaccurate or misleading in any significant respect.

EuropaCorp's catalog was appraised on March 31, 2020 on the basis of future discounted cash flows from the production and distribution of films after April 1, 2020. The cash flow forecasts are based on:
- historical information and forecasts communicated by the EuropaCorp Group;
- an extrapolation of this information by Accuracy based on its own knowledge of the audiovisual market and the historical average performance of the films in the EuropaCorp Group's catalog.

Pursuant to the assignment entrusted to Accuracy, the information communicated to Accuracy by EuropaCorp did not undergo an independent verification.

The conclusions of the appraisal report produced by Accuracy are reproduced below. As stated, this appraisal was carried out with a view to EuropaCorp's continuity as a going concern:

*"[…] we determined the value of the Catalog of the EuropaCorp Group using the discounted cash flow method on the revenue generated by the Catalog from April 1, 2020.*

*The appraisal below reflects the market value of the Catalog for EuropaCorp, that is, the value in use for EuropaCorp as a going concern.*

*On this basis, we estimated the value of the EuropaCorp Group's Catalog at €100 million as of March 31, 2020. The breakdown is as follows:*

| **Appraisal of EuropaCorp Group's catalog (in millions of euros)** | **March 31, 2020** |
|---|---|
| EuropaCorp's film catalog | 72 |
| Licenses | 0 |
| Tax savings | 18 |
| Non-invested financial subsidies generated | 1 |
| **Value of EuropaCorp's film catalog** | **91** |
| TV Series *Taken* | 9 |
| **TOTAL value of EuropaCorp Group's catalog** | **100** |

*Neuilly-sur-Seine, July 24, 2020"*

At March 31, 2019, Accuracy valued the Group's catalog at €121 million, including the value of the signed *Anna* contracts assessed at €6 million.

To the Company's knowledge, the information relating to this valuation and provided by Accuracy was faithfully reproduced and there are no omissions liable to make the information reproduced inaccurate or misleading in any significant respect.

### *1.4 Filing with and publication by the competent authority*

This Universal Registration Document has been filed with the French Financial Markets Authority (Autorité des marchés financiers - AMF), in its capacity as competent authority under Regulation (EU) No. 2017/1129, without prior approval in accordance with Article 9 of said regulation.

The Universal Registration Document may be used for the purpose of a public offering of financial securities or for the admission of financial securities for trading on a regulated market if approved by the French Financial Market Authority and accompanied by any amendments, a note on the financial securities and summary approved in accordance with Regulation (EU) No. 2017/1129.

### *1.5 Incorporation by reference*

Pursuant to Article 19 of European Parliament and Council Regulation (EC) No. 2017/1129 of June 14, 2017, this Universal Registration Document incorporates by reference the following information:

- the Group's consolidated financial statements for the financial year ended March 31, 2019, prepared in accordance with IFRS, featuring on pages 187-241 of the Universal Registration Document filed with AMF on July 19, 2019 under number D19-0717, as well as the related Statutory Auditors' report on pages 157-162 of said document;
- the Group's consolidated financial statements for the financial year ended March 31, 2018, prepared in accordance with IFRS, featuring on pages 209-261 of the Universal Registration Document filed with AMF on July 26, 2018 under number D18-0703, as well as the related Statutory Auditors' report on pages 179-185 of said document.

## 2. PERSONS RESPONSIBLE FOR THE AUDIT

### *2.1 Principal Statutory Auditors*

**Acofex**

Member of the Regional Association of Statutory Auditors of Paris

Represented by Arnaud Malivoire
27 rue des Laitières, 94300 Vincennes

Date of appointment: September 27, 2019

Date of expiry of the current term of office: after the General Meeting of Shareholders called to approve the financial statements for the financial year ending on March 31, 2025.

**Auditeurs et Conseils Associés**

Member of the Regional Association of Statutory Auditors of Paris

Represented by Olivier Juramie
31 rue Henri Rochefort, 75017 Paris

Date of appointment: September 26, 2014

Date of expiry of the current term of office: after the General Meeting of Shareholders called to approve the financial statements for the financial year ended on March 31, 2020.

### *2.2 Deputy Statutory Auditors*

**Heloence**

Member of the Regional Association of Statutory Auditors of Paris

Represented by Benoît Mulin
21 rue d'Argenteuil, 75001 Paris

Date of appointment: September 26, 2014
Date of reappointment: September 27, 2019

Date of expiry of the current term of office: after the General Meeting of Shareholders called to approve the financial statements for the financial year ending on March 31, 2025.

**Pimpaneau & Associés**

Member of the Regional Association of Statutory Auditors of Paris

Represented by Olivier Lelong
31 rue Henri Rochefort, 75017 Paris

Date of appointment: September 26, 2014

Date of expiry of the current term of office: after the General Meeting of Shareholders called to approve the financial statements for the financial year ended on March 31, 2020.

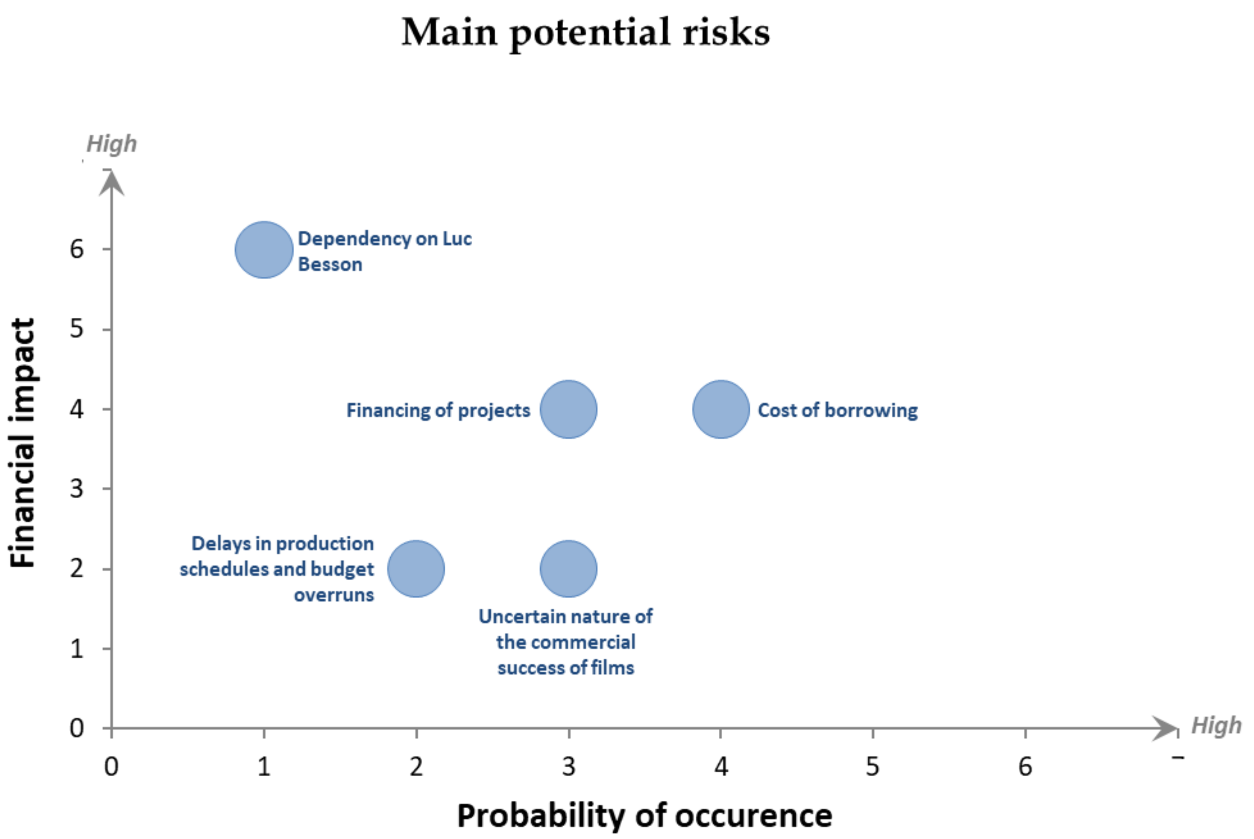
## 3. RISK FACTORS

Investors are advised to read carefully the risks described in this section, in addition to all the other information contained in the Universal Registration Document, before making their investment decision. The Company has conducted a review of the risks it is likely to face. The risks discussed in this section are those the Company believes, as of the date of this Universal Registration Document, could have a significant adverse effect on the Group, its business, financial position, earnings or growth if they were to materialize. The Company does not believe other material risks to exist, apart from those described.

In accordance with Article 16 of Regulation No. 2017/1129, for each risk category described below, the risks are, in the Company's opinion, categorized in decreasing order of importance.

Investors are advised to consider all of the information contained within this Universal Registration Document, including the risk factors described in this section, before making a decision to subscribe or purchase Company shares. To meet the requirements of the new "Prospectus 3" regulation applicable since July 21, 2019, the presentation of the "Risk factors" section of this document has been revised for clarity.

The graphic below summarizes the main risks broken down into two categories.



*3.1 Business-related risks*

### 3.1.1 Risks of dependency on Luc Besson and a number of key persons

The Company relies on the input of Luc Besson in order to run smoothly and be successful. The Group's image and performance depend to a certain extent on Luc Besson's creativity and reputation. Indeed, Luc Besson's involvement, renowned creativity and reputation have a positive impact on the pre-sales of EuropaCorp productions and on the Company's ability to attract talent (writers, actors, renowned directors and quality technicians).

The Company enjoys exclusive use of the audiovisual works of Luc Besson but, in the event that this artistic collaboration were to cease or change, for any reason, the Company's activities could be affected.

Following the restructuring of the Company on July 28, 2020, EuropaCorp is now controlled by the Vine fund and, as such, Luc Besson is no longer EuropaCorp's majority shareholder. He remains a member of the Company's Board of Directors and has remained in the position as Chairman and Chief Executive Officer for an interim period pending the appointment of the new Chairman and CEO by the Board of Directors (after consulting him).

Since Luc Besson's collaboration and availability are essential to the Company, a cooperation agreement, containing an exclusivity commitment in particular, has been signed with him (personally) as well as with the production company he controls (LBP, see Section 6.2 below).

Under the terms of this agreement, Luc Besson assumes the position of Artistic Director for the Company, overseeing all artistic activities, particularly by setting the editorial policy and content strategy, as well as selecting the projects to be presented to EuropaCorp both for direct production and distribution.

This is a five-year commitment which can be extended for a further two years. This period is to be extended automatically at the request of the Board of Directors should Vine (Fund III) and its affiliates remain EuropaCorp's majority shareholder or should the drag-along or tag-along mechanisms in the shareholders' agreement be exercised at a minimum price of €3.5 per share.

In particular, Luc Besson has committed to working exclusively with EuropaCorp and LBP in his roles as author, director and/or producer for any audiovisual entertainment, whether a film or series, and to giving EuropaCorp first refusal. Luc Besson must inform and consult the Board of Directors on any other professional activities which must be limited such that the vast majority of his professional activities are for EuropaCorp and subject to the cooperation agreement.

If Mr. Besson, in the event that the terms of his commitment should cease to apply while EuropaCorp's operations still largely depended on him, were to carry out film work outside EuropaCorp, the Group's earnings and future prospects could be affected. Furthermore, aside from the commitment described above, Mr. Besson is not contractually bound either to remain as a long-term shareholder or to remain with EuropaCorp for any length of time.

### 3.1.2 Risks relating to the uncertain nature of the commercial success of films

There is no guarantee that a film will be a success with the public. This success largely depends on the artistic and technical quality of the film and the hype surrounding its theatrical release, as well as the quality and success of rival productions released at the same time, the popularity of other forms of audiovisual content (including TV series), the commitment and quality of the film's distributors, the general economic climate and other tangible or intangible factors which can all change rapidly and are difficult to predict.

The Group's prolonged inability to produce films with considerable public appeal in France and among audiences in regions where the films are distributed could harm its image, business, growth prospects and ability to make pre-sales and to raise funding using its lines of credit, as well as to attract well-known actors and directors and experienced crew.

The conception and approval process of film projects developed by the Group is geared towards selecting those projects which are most likely to appeal to the public.

Although the Group has branched out into television production and distribution, its core activity remains the production and distribution of feature films. Its operations are therefore less diversified than some of its competitors, especially those who belong to integrated groups operating numerous theaters or television channels and which therefore benefit from recurring revenue streams enabling them to offset the irregular nature of revenue from the production and distribution of films. A significant percentage of the Group's revenue comes from the exploitation and distribution of the films it produces or to which it acquires distribution and/or broadcasting rights. Consequently, without further diversification the Group's earnings could be affected if its films were to perform below expectations.

The revenue generated by a given film can vary significantly from one quarter or half to another, insofar as it depends not only on the film's success, which is difficult to predict, but on the timing of the theatrical release and video release and the delivery dates for international distributors. This impact may, in some cases, be higher than for certain competitors who produce or release more films than EuropaCorp.

The combination of these various factors and the fact that the Group's revenue are linked to the release schedule can lead to dramatic fluctuations in the Group's half-year revenue and earnings. The revenue and earnings generated for a given half are therefore in no way indicative of the Group's annual revenue and earnings.

However, the irregular nature of the Group's revenue from the production and distribution of new films could be lessened thanks to more effective use of its production catalog and its involvement in more recent projects, such as audiovisual drama productions via EuropaCorp Television.

#### 3.1.3 Risk of delays in production schedules and budget overruns

The production, filming and distribution of films are governed by numerous constraints, particularly regarding the search for funding, the availability of talent and quality material, as well as the timing of films released by rival studios. The Group cannot guarantee investors that all the films it makes will be completed or be released on schedule and within budget which may adversely affect the Company's business.

A significant production delay could have negative repercussions for the Group, such as higher production costs and financial charges relating to the film, the obligation to shift the film's theatrical release date outside the ideal window or even delay the film's broadcast on pay TV and free-to-air channels and its video release.

Where the Group is executive producer of a film, due to the limited commitments of co-producers, it alone bears the risk of cost overruns if co-producers are unwilling to finance their share of the overrun. When the Group invests as co-producer, its decision not to fund its share of a cost overrun could limit its right to a portion of the film's receipts and its involvement in the executive producer's decisions, particularly regarding changes made to the film to cut costs, which, in each case, could reduce the Group's expected revenue.

Section 5.1.1.5 of the Universal Registration Document describes the cost control policy introduced by the Group to prevent budget overruns and production delays. In addition, the internal control procedure implemented by the Company is also aimed at reducing these risks (see Section 14.6 of this Universal Registration Document).

Following the restructuring and in the context of the new production structure, the nature of this risk will remain unchanged.

## *3.2 Financial risks*

### 3.2.1 Risks related to the COVID-19 epidemic

As of the filing date of this Universal Registration Document, the Group considers that the COVID-19 epidemic may result in delays to the production and/or release in theaters of any films on which the Company begins production.

The Company is also expecting a drop in footfall in theaters owing to the strict health conditions that the government will have to introduce as part of its management of the health crisis.

### 3.2.2 Risk related to the cost of borrowing

The liquidity risk to which the Group is exposed is inherently part of the film production and distribution business. There is usually a period of several months between the time investments are made to produce and promote a film and the time the exploitation receipts are actually collected. This lag time may require the use of bank loans. Although the Group seeks to limit its financial exposure as early on as possible in the process through a policy of pre-selling international distribution and television broadcasting rights for the films it produces, the Group cannot guarantee that it will always be able to implement such a policy, nor that it will completely shield it from liquidity risk.

To bridge the gap between the timing of investments and the collection of film exploitation receipts under optimum conditions, the Group has a new credit line which will enable future productions to be funded. It has been subscribed by a new generation of Vine funds and certain members of the Vine funds that are already lenders to the Company. This main credit line in the initial amount of $100 million may be increased to $125 million and bears annual interest of 8%. It must be repaid after a period of five years but can be refinanced within the first 18 months on the total amount of commitments with a fee of 2%.

As stated previously, two credit lines had been made available to the Company, the terms of which had been successively renegotiated (see Section 8.2.2 of this Universal Registration Document for a more detailed description).

At March 31, 2020, €85.6 million had been drawn against this principal credit line. The secondary credit line was fully drawn down.

Consolidated net debt stood at €152,605 thousand at March 31, 2020, compared to €159,847 thousand at March 31, 2019 and €235,929 thousand at March 31, 2018. For a detailed description including figures of the Group's financial debt at March 31, 2020 and March 31, 2019, and of its net cash position on the same dates, see Section 8 and Appendix 1 of this Universal Registration Document.

Under the safeguard plan approved on July 24, 2020 by the Commercial Court of Bobigny, the first credit line is to be repaid over seven 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% |

As for the secondary credit line, it was fully converted into capital on July 28, 2020 with the completion of the share capital increase reserved for the Vine Media Opportunities – Fund III for the sum of €115,301,625.13, share premium included, paid up through the equitization of the receivable.

As security for these credit lines, EuropaCorp and some of its subsidiaries (Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo) granted first-line and second-line guarantees on all their assets, and notably a pledge of financed assets, as specified in the Notes to the consolidated financial statements (Note 1), to the exclusion of any other guarantee. The release of these securities is under way following the restructuring of the Group.

### 3.2.3 Interest rate risk

The Group's exposure to interest rate risk mainly concerns the amount drawn down from the revolving credit line.

The principal credit line bears interest, for loans granted in euros, based on the one month Euribor rate, plus a bank margin of 3.25% and, for loans granted in dollars, based either on the Libor rate, plus a bank margin of 3.25% or the Alternate Base Rate, plus a bank margin of 2.25%.

**Maturity schedule of the Group's financial assets and liabilities excluding trade receivables and payables under IFRS as of March 31, 2020 (in thousands of euros)**

| *(in thousands of euros)* | **03/31/2020** | ***Maturities*** | | |
|---|---|---|---|---|
| | | **< 1 year** | **1-5 years** | **> 5 years** |
| Fixed rate financial assets | - | | | |
| Variable rate financial assets | 50,680 | 50,680 | | |
| Financial assets not exposed | 8,028 | 33 | 7,385 | 610 |
| **Financial assets** | **58,708** | **50,713** | **7,385** | **610** |
| Fixed rate financial liabilities | - | | | |
| Floating-rate financial assets | 202,792 | 202,792 | | |
| Financial liabilities not exposed | 493 | | 493 | |
| **Financial liabilities** | **203,285** | **202,792** | **493** | **-** |

Based on the net position due for renewal within one year (after hedging) at March 31, 2020, the Group estimates that a 0.5% rise in interest rates would result in a negative impact on net income of €761 thousand, before capitalization of financial expenses in the cost of the films.

In the event of a 0.5% rise in interest rates on the Group's outstanding borrowings, some of the additional financial expenses would be spread over the films and recouped from the financial costs of the productions in which these borrowings are used. This would increase the costs of making the films, to be written down according to the depreciation rules adopted by the company.

The Group's Finance Department regularly monitors changes in the variable rates on which the Group's outstanding borrowings are based. This allows it to establish the appropriate hedges, wherever possible and competitive given the repayment dates. Note that the use of credit lines is mainly short-term (6-18 months), considering the maturity of the receivables used as collateral. Therefore, if the Company's exposure to interest rate risk should increase, financial hedging instruments could be used depending on the expected changes in market rates and based on the opinion of the Finance Department.

For more details, see Section 3.13 of Appendix 1 of the Universal Registration Document on interest rate risk.

The new credit line described under Section 8.2.2 below will be at a fixed rate and as such will not carry any interest rate risk.

### 3.2.4 Foreign exchange risk

The Group is temporarily exposed to foreign exchange risk during filming where certain expenses are in U.S. dollars (or other currencies), or where minimum guarantee amounts from international pre-sales are expected to be paid in U.S. dollars. The Group therefore examines on a case-by-case basis the need to establish a hedge to cover these foreign exchange risks. This assessment is carried out in view of the amounts and maturities involved, the hedging costs and the obligations attached to finance it is able to raise against contracts.

When EuropaCorp raises finance against contracts in U.S. dollars under its credit line, it is effectively obliged to establish a currency hedge, which requires EuropaCorp to use the appropriate hedging facilities. If the hedging facility available from banks is reduced, the ability to raise finance against contracts in U.S. dollars would also be reduced, as would its ability to finance the films concerned. As of March 31, 2020, the Company no longer had any currency hedges in place.

During the financial year ended March 31, 2020, revenue billed in a currency other than the euro[1] amounted to €21,912 thousand, representing 31% of consolidated revenue.

The Group's net foreign currency positions at March 31, 2020 are summarized below:

At 03/31/2020

| *(In thousands of euros)* | U.S. dollars |
|---|---|
| Assets | 30,730 |
| Liabilities | (228,383) |
| Net equity before hedging | (197,653) |
| Off-balance sheet position | 0 |
| Net equity after hedging | (197,653) |

The following table shows the impact on the EuropaCorp Group's income of a 10% change (increase or decrease) in the U.S. dollar (USD):

| ***At March 31, 2020*** | ***In thousands of dollars*** | ***€/USD rate*** | ***In thousands of euros*** | ***Impact on EuropaCorp income (in thousands of euros)*** |
|---|---|---|---|---|
| Net position in USD | (216,548) | 1.0956 | (197,653) | |
| Impact of a 10% decrease in USD | (216,548) | 1.20516 | (179,684) | 17,968 |
| Impact of a 10% increase in USD | (216,548) | 0.98604 | (219,614) | (21,961) |

For more details, see Section 3.13 of Appendix 1 of the Universal Registration Document on foreign exchange risk.

[1] *Revenue from outside the Eurozone corresponds to revenue from international sales made outside the 18 euro-zone countries, namely Germany, Austria, Belgium, Cyprus, Spain, Estonia, Finland, France, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, the Netherlands, Portugal, Slovakia and Slovenia.*

### 3.2.5 Financial risks relating to the production or coproduction of films

The Group's policy, albeit one which is not systematically applied, is not to embark on a film's production unless a significant portion of the production cost is, based on the expressions of interest received, potentially covered by firm commitments (television and international pre-sales and/or contributions from co-producers and/or the tax credit – see Section 5.1.1.4 of this Universal Registration Document), which must be signed before the film is released in theaters. This coverage rate is around 70% to 80%, and can exceed 100% as for the latest productions *Anna* and *Taxi 5*. To maintain an opportunistic approach so that it can tailor this policy to the specific characteristics of each film and depending on the Group's role (executive producer, co-producer), the level of risk coverage and timing of this coverage can vary from one film to another.

In addition, the Group is still exposed to the potential failure of a buyer to honor its commitment during the interim period between the expression of interest and the formal signing of the contract – although this type of withdrawal is rare in practice – or even of a buyer defaulting on the contract. Even though the Group could potentially take legal action, this type of withdrawal could affect its policy of pre-financing its productions and expose it to a greater financial and liquidity risk.

Finally, when acting as executive producer, the Group takes responsibility for the film's success, not only indemnifying the co-producers against any budget overrun, but also promising to deliver a film that meets the contractual terms, since the contract specifically mentions the film's technical and artistic properties and sometimes even identifies the lead actors. If the Group fails to honor its commitments under the coproduction agreement, there is the risk that this could be terminated, involving the repayment of all monies paid by the co-producer. Agreements for the purchase of television broadcasting rights and international sales agreements could contain similar clauses. Therefore, were the Group unable to complete the shooting of a film for which it has guaranteed completion, or to deliver the film in accordance with the contractual specifications, it could face the termination of all contracts signed prior to the theatrical release with co-producers, TV channels and foreign distributors.

### 3.2.6 Risks related to La Cité du Cinéma

On May 18, 2009, the Group signed a commercial lease with EuropaCorp Studios on an office complex at the site of La Cité du Cinéma, with annual rent of €6.4 million indexed (as of April 6, 2019 it represented €7.4 million excluding service charges, €9.7 million including service charges, prior to the renegotiation in early 2020) and for a fixed 12-year term with the option of sub-letting.

Given the upcoming 2024 Olympic Games, during which La Cité du Cinéma is intended to serve as the core of the Olympic Village, the work that will have to be completed in a relatively short period for this purpose, and the need for EuropaCorp to reduce its rent liabilities, EuropaCorp and its landlord, La Nef Lumière, have agreed to the partial termination of the lease with reduced surface areas and a reduced price per m². This partial termination will be accompanied by the payment of rent in arrears (€10.6 million), a termination penalty of €5.6 million over seven years and the introduction of a better fortunes clause which may result in the payment of an additional sum of €10 million by the end of the lease in 2024 in the event that the transfer price of shares subscribed by the Vine funds has enabled a sum of €181 million to be repaid.

## 4. INFORMATION ABOUT THE ISSUER

### *4.1 Issuer company name and trade name*

The company name as well as the trade name is "EuropaCorp".

### *4.2 Number and place of registration and identifier of the issuer's legal entity.*

The company is registered with the Trade and Company Register of Bobigny, company registration number 384 824 041. The company's SIRET business identification number is 384 824 041 00071 and its APE code is 5911 C (motion picture production).

The identifier of the company's legal entity is: 969500M0C1OJODVJGT68.

### *4.3 Date of incorporation and duration of the issuer*

The company was originally incorporated on January 15, 1992 and was incorporated on March 26, 1992. The company will cease trading on March 26, 2042, unless this period is extended or the company is dissolved prior to that.

### *4.4 Registered office, legal form and applicable legislation*

At the filing date of the Universal Registration Document, the company's registered office was located at 20 rue Ampère, 93200 Saint-Denis, France. The main telephone number of the company's headquarters is +33 1 55 99 50 00. The company website is "http://www.europacorp.com". The information on the website is not part of the Universal Registration Document unless specifically referred to.

The company emerged following the conversion of the limited liability company EuropaCorp SARL which, in accordance with Article L.223-43 of the French Commercial Code, took the form of a public limited company (société anonyme) following the extraordinary resolution of its members on December 28, 2000.

The company, which had had a Management Board and Supervisory Board since March 5, 2007, adopted the administration and management model of a public limited company with a Board of Directors following a resolution of its General Meeting of Shareholders on September 16, 2008.

The company is notably governed by ordinary law on commercial enterprises, and in particular Book II and Book VI of the French Commercial Code with its regulatory part on commercial enterprises, as well as certain provisions of the French Film Industry Code.

# 5. BUSINESS OVERVIEW

## *5.1 Main activities*

### 5.1.1 Nature of operations performed by the issuer

The Group's core business consists of film production and distribution. In its production business, EuropaCorp usually acts as executive producer (or co-executive producer) and has artistic and financial responsibility for a film's production. EuropaCorp may also act as co-producer. The Group will continue to perform its duties as Executive producer but may also coproduce and distribute films produced by LBP across all territories (see Section 6.2 below). Through its subsidiaries EuropaCorp Distribution and EuropaCorp Home Entertainment, the Group is responsible for the theatrical release in France of the films it produces and their video release and sales in France. In December 2018, the Group signed a distribution partnership with Pathé Films for France (see Sections 7 and 20 of this Universal Registration Document). EuropaCorp is directly responsible for international sales of the distribution rights to the films it produces, sales of television broadcasting rights, sales of broadcasting rights to its films on video-on-demand subscription platforms in France, and the complementary exploitation of its films in the form of related merchandise, licensing and partnerships.

To integrate and control the various activities during a film's life cycle, the Group relies on the skills and talents of its management team and employees. By seeking to control the production and distribution chain, the Group can apply its professionalism, methods and quality standards during each stage of the film's conception and marketing, while creating a production "label" through the use of sophisticated techniques and talented writers, directors and crew.

Moreover, during the fifteen years of its existence, the Group has endeavored to create a catalog of quality films.

During the financial year ended March 31, 2019, EuropaCorp sold the business for the exploitation of films in co-production and of films under distribution agreements from the *Roissy Films* catalogue it had acquired in 2008.

Finally, through its various legal entities and shareholdings, the Group has developed repeat business in complementary areas: particularly in English-language TV production (EuropaCorp Television), publishing of musical works linked to films (Orchestra), events (Blue Event) and post-production (Digital Factory).

#### *5.1.1.1 Production: conception and creation of content with real commercial potential*

The conception and production of films represent EuropaCorp's core business. In the 2019/2020 financial year, the Group invested €205 thousand in film and audiovisual production and coproduction versus €12,752 thousand in the 2018/2019 financial year, the Company having delayed the production of new projects during financial restructuring. However, the Company has continued to develop content aligned with EuropaCorp's historic successes and production of such content will start as soon as possible.

When selecting films, the Group strives for an increasingly international line-up.

#### *5.1.1.2 Attracting new talent*

In recent financial years, EuropaCorp has demonstrated its ability to seek out and engage new talent for its projects. For example, the Group has discovered and endorsed the talent and expertise of new directors like Pierre Morel and Olivier Megaton.

EuropaCorp frequently attracts world-famous actors such as Robert de Niro (*Malavita (The Family)*), Tommy Lee Jones (*The Three Burials of Melquiades Estrada*, *Malavita*, *The Homesman*), Michelle Pfeiffer (*Malavita*), Kevin Costner (*3 Days to Kill*), Scarlett Johansson and Morgan Freeman (*Lucy*), Michelle Yeoh (*The Lady*), Liam Neeson (the *Taken* saga), Cara Delevingne and Dane DeHaan (*Valerian and the City of a Thousand Planets*), Helen Mirren and Cillian Murphy (*Anna*). The Group also exerts a pull on many French and foreign independent producers, drawn by the professionalism and experience of its management (as evidenced by its role as co-producer on *Little White Lies*, written and directed by Guillaume Canet, *Möbius*, written and directed by Eric Rochant and *Saint Laurent* by Bertrand Bonello), as well as with established French actors such as Jean Dujardin, Marion Cotillard, François Cluzet, Jean Reno, Catherine Deneuve, Gaspard Ulliel, Léa Seydoux and Gilles Lellouche.

#### *5.1.1.3 A consistently thorough project conception and approval process*

5.1.1.3.1 Selection and development: building the potential for success

When selecting the projects pitched to it and the screenplay ideas developed in-house, the Group is committed to maintaining a diverse editorial line, keen to produce ambitious, high-quality work appealing to a wide audience whatever the film genre (comedy, action, genre movie, etc.).
Once a project has been selected, the Group goes to work on building the film's earning potential, which involves most of the Group's operational departments (sales of television rights, international sales, theater distribution and video release). Initial contact is made with television channels (pay TV and free-to-air) to gauge their interest in the film and estimate the amount of pre-sales likely to be made.

The Group also analyzes the project's international potential while it is still in development. Although most French film producers nowadays tend to focus on the domestic market, only branching out into foreign distribution if the film is a commercial success, EuropaCorp, like the major studios, plans the film's international distribution from its initial conception. As a result, EuropaCorp is currently one of the few independent French producers to make films in English (e.g. the *Transporter* and *Taken* franchises, *Valerian and the City of a Thousand Planets, Anna, Lucy*, *Malavita (The Family)*, *From Paris with Love, 3 Days To Kill*, *I Love You Philip Morris*, *Colombiana*, etc.), thereby maximizing their potential for international distribution.

In addition, as soon as the film goes into production, EuropaCorp assesses the film's video distribution potential, increasing this by producing content specially designed for this format (e.g. "making-of" documentaries, bonus features, etc.).

5.1.1.3.2 Project approval criteria

Like the development phase, when the artistic and economic aspects are studied jointly, the decision to greenlight a film results from the dual artistic and economic approval of the project by Senior Management. Artistic approval is based primarily on an assessment of the intrinsic qualities of the final screenplay (after rewrites), the suitability of the project for EuropaCorp's editorial line and the availability of the chosen talent (director, cast and crew).

Economic and financial approval is based on the estimated coverage, essentially calculated based on co-production contributions, initial feedback from television channels (pay TV and free-to-air) on the proposed pre-sale of television rights, estimated pre-sales to foreign distributors according to the film's international potential, assumptions regarding the exploitation of the film on various platforms (French theaters, French DVD, etc.) and any tax credits likely to be generated by the project. The project is only greenlit if the projected financial coverage is deemed satisfactory, or, as a rule, if the

Group has received expressions of interest indicating that at least 70-80% of the film's production costs will be covered by firm commitments (including coproduction and pre-sales) on the theatrical release date.

The project is also considered from the point of view of the Group's funding capacity, taking into account its other projects in the pipeline. A cash flow forecast is then prepared for the film based on the Group's provisional cash flow forecast, mainly to assess what impact it might have on the Group's debt situation.

Lastly, the final criterion that could result in the project being greenlit is the project's future "catalog value", i.e. its value generally after the first three years of exploitation of the film.

Until the film is greenlit, only preliminary expenses are incurred. These costs essentially consist of authors' and screenwriters' fees, and the costs of securing the film adaptation rights. They are reported separately and reviewed project by project at each period end. 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 engagements 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.

#### *5.1.1.4 Hedging policy for financial risk*

##### 5.1.1.4.1 The nature of financial risk

EuropaCorp usually acts as executive producer in film production. As such, it guarantees the successful completion of the film and is responsible for most of the costs, management, making of the film, budgeting, shooting and editing of the film. Conversely, when it acts as financial co-producer, EuropaCorp only has an investor role, and assumes no further liability beyond the amounts invested. In both cases, EuropaCorp owns shares in the film in return for a share of the production cost and is entitled to a share of the receipts, which means that it receives a percentage of the producer's share of the net profit (which is not necessarily proportional to its share in the film, since this is contractually agreed in line with standard industry practice).

Production costs, also called "negative costs", mainly include the salaries of talent (cast and directors) and other participants (crew), studio and location hire, the cost of production equipment, obtaining the copyright to the screenplay, photography and post-production. Around 20-30% of these costs are incurred during the pre-production phase, 50-60% during shooting and the remainder during post-production.

The Group also acquires rights to receipts (distribution in theaters, TV and video broadcasting, etc.) of films produced by third parties, often foreign, on which no loss share is acquired. In this case, the Group acts as a film distributor for certain territories and exploitation formats, and not as producer or co-producer. Accordingly, the Group's costs are limited to the cost of acquiring the distribution rights (including the minimum guaranteed amounts usually paid in this regard), and expenses incurred in connection with the film's distribution in theaters and on video.

##### 5.1.1.4.2 Hedging financial risk

The film production and marketing process requires large amounts of capital. The Group has therefore introduced a policy to cover a significant portion of its investment in each film as early on as possible.

When it acts as executive producer, the financial risk is reduced mainly through pre-sales and coproduction contributions. The Group's policy, albeit one which is not systematically applied, is not to commence production on a film unless a significant portion of the production cost (around 70-80%) is, based on the expressions of interest received, potentially covered by firm commitments on the theatrical release date (pre-sales and/or contributions from co-producers), plus any tax credits.

Hedging is effectively provided by the various financial contributions (from co-producers, for example), the sale, before the film's release, of television broadcasting rights, foreign distribution rights and, where appropriate, other derivative rights and any tax credits attached to the film. Buyers of international distribution rights are generally willing to pay a fixed amount or "minimum guarantee" and, where appropriate, additional revenue depending on the film's success.

When it acts as financial co-producer, the Group's policy is to obtain, in addition to a share in the film and receipt rights in return for its investment (contractually agreed), distribution rights both in France and abroad. When implemented successfully, this policy enables the Group, even as co-producer, to claim certain rights in some cases, such as distribution rights in foreign territories or television broadcasting rights, which will cover its financial risk as co-producer.

To maintain an opportunistic approach so that it can tailor this policy to the specific characteristics of each film, the level of risk coverage and timing of this coverage can vary from one film to another. However, EuropaCorp monitors the financial risk resulting from all its commitments, and strives to ensure that in a given financial year, the total amount of its production investments is approximately 70-80% covered before the theatrical release of the films concerned.

In the 2017/2018 financial year, the overall coverage rate of the films produced or co-produced amounted to 85% on the theatrical release date for a total investment of €235.2 million. In the 2018/2019 financial year, the overall coverage rate of the films produced or co-produced amounted to 74% on the theatrical release date for a total investment of €52.9 million. In the 2019/2020 financial year, the overall coverage rate of the produced or co-produced films amounted to 115% on the theatrical release date for a total investment of €32.2 million.

*A- International partners*

As part of its financial strategy for the pre-sale of films, EuropaCorp attaches considerable importance to the special relationships it has with numerous international distributors, from whom it receives minimum guaranteed amounts for the sale of rights abroad. The network of relationships that EuropaCorp has built up allows it to retain its streamlined, responsive structure. EuropaCorp prefers to sell its films to distributors rather than develop local distribution subsidiaries, which allows it to implement its risk hedging strategy and maintain optimum size.

EuropaCorp has a special relationship with Lionsgate in the United States, as well as with most of the other major U.S. studios or their subsidiaries, such as Universal, Sony Pictures Entertainment, 20th Century Fox and Focus Films.

In most of the other countries where its films are distributed, EuropaCorp maintains special relationships with a few distributors that it considers to be highly qualified in that country (e.g. Forum in Israel or Gulf in the Middle East, both party to ongoing output deals with EuropaCorp). It nevertheless also meets with all market players in order to determine the best distributors depending on the type of film.

In general, standard practice is for the distributor to pay the first part of the minimum guarantee on signing the contract (often around 20%), more rarely a second payment is made during shooting and the balance (up to 80%) paid on delivery of the film. EuropaCorp generally sells international distribution rights to a film in all traditional formats (cinema, television, video and VOD) for a country or group of countries, for a share of the future receipts received by the distributor subject to a minimum guarantee amount.

*B- Sale of television broadcasting rights*

The right to sell television broadcasting rights to French television channels is traditionally held by one of the executive producers of the film.

The Group is accustomed to working with all broadcasters in the sector, particularly the TF1 group, OCS, Canal+, Ciné+, the M6 group, or France Télévisions.

TF1 (France's leading channel by audience) regularly acts as co-producer and/or buys the rights to broadcast films for which EuropaCorp was executive producer. Of the 90 films released in theaters as of March 31, 2020 and for which EuropaCorp acted as executive producer or co-executive producer, 50 were sold to TF1.

Canal+ and OCS are EuropaCorp's preferred partners for pre-sales of television broadcast rights. For example, Canal+ has purchased the exclusive first broadcasting rights in France on pay television of 82 of the 90 films released in theaters as of March 31, 2020, all produced or co-executive produced by EuropaCorp.

Agreements between EuropaCorp and television channels are negotiated on a film-by-film basis. In general, the channel pays a fixed minimum amount for the exclusive broadcasting rights in France plus, in some cases, an additional amount based on theater admissions, the overall price being capped. This broadcast may take place a minimum of eight months after the film's cinema release for pay movie channels (Canal+, Ciné+, OCS), or six months for films with fewer than 100,000 theater admissions, and after 22 months from cinema release for free-to-air TV channels that have co-production commitments amounting to at least 3.2% of their revenue (period shortened to 20 months if the film had fewer than 100,000 theater admissions), or after 30 months for the others (28 months if the film had fewer than 100,000 theater admissions).

#### *5.1.1.5 Managing film production and promotion costs*

The Group makes every effort to control the costs of its productions in an environment where film production costs, both in France and abroad, are steadily increasing, partly because of the higher salaries commanded by directors, cast, screenwriters and other artists, and partly due to the cost of special effects and other elements essential to the film's success. When acting as executive producer, EuropaCorp routinely appoints an experienced producer to supervise and manage the budget. The producer's job is to monitor, on behalf of EuropaCorp as executive producer, production alongside the production manager and film administrator, essentially by monitoring the production budget, spending commitments and filming and editing schedules.

For each production, a line producer, who may be independent or an employee of EuropaCorp, is also responsible for day-to-day supervision of the work. For example, shooting costs are managed by allocating a budget for each scene; the line producer is responsible for ensuring that this is followed to avoid going over budget. The Group is committed to having flexible, responsive teams that can act swiftly to minimize the financial impact of unforeseen events during shooting (adverse weather, technical failure, screenplay adaptation, etc. A comprehensive progress report for each film (expenditure statement, estimated cost at completion) is also submitted each month to the company's management team by the central film administration unit. As a result of this rigorous cost control since its creation, EuropaCorp has virtually never exceeded the initial production budget of the films it has produced, with the exception of six films including two animated films of which the overruns were due to failures of service providers hired by EuropaCorp to handle the production of animated pictures. At present, the Company does not intend to launch any new animated film projects.

Where EuropaCorp is co-producer on a film – and therefore essentially an investor – it has a coproduction minority interest while being consulted on every major decision concerning the film's content. Because its contribution is then strictly limited to the amount originally paid for its coproduction interest, EuropaCorp does not bear the risks associated with any budget overruns and is not bound by a completion guarantee for the film. In general, to protect its investment if the film goes over budget, EuropaCorp's policy is to contract with producers and other co-producers that any additional contributions from other producers cannot reduce the share of the film initially assigned to EuropaCorp, and that such additional contributions can only be covered after repayment in full of EuropaCorp's investment.

Furthermore, to protect itself against many of the unforeseen events that can have a major impact on its productions, the Group takes out insurance for each production for which it acts as executive producer. All of the film's co-producers are covered by these policies.

Finally, EuropaCorp's Finance Department monitors and audits the budgeting process and cash flow for each film as well as for the Group as a whole (see Section 14.6.II-3 of the Universal Registration Document).

#### *5.1.1.6 TV production*

The Group did not make any investments in television drama production in the 2019/2020 financial year.

The strategy and economics of television production are different to film production. The Group relies on the experience of the U.S. team to develop projects that meet the demand from international broadcasters. As such, several EuropaCorp Television dramas have been broadcast or will soon be broadcast on HBO, TNT and NBC.

For EuropaCorp, television production is an opportunity to invest in less risky activities than film production, since projects are generally pre-financed to a greater extent than in film production. As producer, EuropaCorp Television effectively initiates and develops most of its television series with one or more television channels, which, as broadcasters, will cover a large part of the funding. Given the commercial potential of these series internationally, the funding plan for the series is often complemented by pre-sales or international funding once the development phase has passed. This makes it possible to have larger budgets for epic series such as *Taken*.

EuropaCorp Television, as producer, ensures throughout the production process that the artistic content and budget initially agreed with the broadcaster are met. Controlling production costs is in fact the key to profitability when producing a TV series. EuropaCorp teams have already proven their expertise through their ability to produce quality works systematically within budget.

### 5.1.2 Distribution: managing vertical and multimedia film exploitation

Owing to its vertically integrated structure, the Group is active in France at each stage of a film's distribution. Traditionally, the distribution life cycle is split into two parts: the first part is from the film's theater release until the second or third television screening on a free-to-air channel, while the second part covers the period after this (see Section 5.2.1 of the Universal Registration Document).

**Films that premiered in theaters in France during the 2019/2020 financial year**

| Film | Premiere in France | | Role of the Group | Main distribution agreements held by the Group |
|---|---|---|---|---|
| *Nous finirons ensemble (Little White Lies 2)* | 05/01/2019 | Theater | Financial co-producer | All rights |
| *Anna* | 07/10/2019 | Theater | Executive producer | All rights |

### *5.1.2.1 Film exploitation*

Thanks to its subsidiaries EuropaCorp Home Entertainment and EuropaCorp Distribution, partnerships established for the VOD distribution of its films, and relationships with various television channels, the Group has optimal control over first runs of films on French territory, and it has maximized the receipts generated by such films during second runs, whether the film was produced by EuropaCorp or produced outside the Group and its distribution rights were acquired.

The Group signed a distribution partnership for France with Pathé Films in December 2018. This partnership pertains to films produced or co-produced by EuropaCorp and concerns three films per year for a three-year period. It took effect with Guillaume Canet's *Nous finirons ensemble (Little White Lies 2)*, released in theaters on May 1, 2019, and Luc Besson's *Anna* released on July 10, 2019. The terms and conditions of this partnership will be decided film by film.

#### 5.1.2.1.1 Film distribution in theaters

The role of a distributor is to guarantee, through a distribution agreement, that a film is distributed to as many movie theaters as possible. EuropaCorp Distribution, a wholly-owned subsidiary of EuropaCorp, performs this activity for theaters located in France. To this effect, EuropaCorp Distribution signs a distribution agreement with EuropaCorp for each film produced or each film whose distribution rights have been acquired by EuropaCorp, which grants the subsidiary the right to distribute those films in exchange for remuneration.

The subsidiary defines and develops a marketing strategy and distribution budget within budgetary limits set by EuropaCorp and takes care of publishing costs (marketing and copies). The distributor's remuneration corresponds to a commission on box office receipts paid by the theaters that screen the film. The distribution agreements provide for all receipts paid by theaters to be held by the distributor until its commission, the publishing costs incurred, and the amount of the minimum guarantee costs that it contributed to production are recovered.

The distribution of a film in theaters constitutes the first run of a film, which is a major step because the exploitation of the film over this period will determine its reputation and thus its commercial potential in future screenings. Thanks to its integration within the Group, EuropaCorp Distribution evaluates the film's potential in advance and develops a targeted marketing strategy for each production by using all possible media to promote the film: posters, trailers, promotion and visibility of the film at festivals prior to its release, and any other appropriate promotional material. The choice of the film's release date in theaters, which is based on expected releases by competitors or the dates of school holidays, also constitutes an important factor in the success of a film in theaters and is usually approved with the main programmers (which can represent a national circuit of theaters or a grouping of private theaters). Downstream, based on trade negotiations several weeks before the release of a film, the Group defines the copy rental policy regarding the film's programmers and movie theater operators.

The marketing strategy for each film is determined and implemented within EuropaCorp. For each film, the Group develops the advertising design and space purchasing strategy.

Receipts are shared between the distributor and the movie theater operator under a rental agreement, which is actually rarely signed, as has become the custom in the industry. This contract generally provides for a sharing of receipts excluding tax based on 50% for each of the contracting parties, and distribution can then change after several weeks of exploitation, by mutual agreement between the parties, to a level of 30% of receipts for the distributor and 70% for the theater, depending on the success of the film in theaters and negotiations on how long the film will be shown. It is worth noting that in France, the French National Center for Cinema (CNC) limits the share of receipts that distributors can receive to 50%.

**Breakdown of the price of a movie ticket in France**

<table>
<tr><td colspan="2">VAT</td><td>5.27%</td></tr>
<tr><td colspan="2">TSA (special tax on ticket prices)</td><td>10.72%</td></tr>
<tr><td colspan="2">SACEM</td><td>1.27%</td></tr>
<tr><td colspan="2">Theater’s share</td><td>50% of receipts excl. tax<br>(increased, as the case may be, to 70% a few weeks after a theatrical release)</td></tr>
<tr><td rowspan="3">Distributor’s share</td><td>Distributor’s commission</td><td rowspan="3">50% of receipts excl. tax<br>(decreased, as the case may be, to 30% a few weeks after a theatrical release)</td></tr>
<tr><td>Publishing costs<br>(copies + promotion)</td></tr>
<tr><td>Producer payment</td></tr>
</table>

A distribution partnership was signed with Pathé Films for France in December 2018, involving three films per year for a period of three years. This partnership, relating to films produced or co-produced by EuropaCorp, began with Guillaume Canet's *Nous finirons ensemble (Little White Lies 2)* released on May 1, 2019 and Luc Besson's *Anna* released on July 10, 2019. The terms and conditions of this partnership will be decided film by film.

For the 2019/2020 financial year, theater distribution in France accounted for 12.5% of the Group’s revenue. Two films distributed jointly with Pathé had been released in French theaters by March 31, 2020, bringing in a total of 3.5 million admissions as of the end of the financial year.

5.1.2.1.2 Distribution of films on video

EuropaCorp Home Entertainment, a wholly owned subsidiary of EuropaCorp, specializes in publishing and distribution of films and programming in video format in France. Through its membership in the Economic Interest Group (EIG) Fox Pathé Europa[2], EuropaCorp Home Entertainment enjoys the benefits of the EIG’s infrastructures and sales force. In light of the development of the Fox group (acquired by the Disney group) this structure, which remains in place, is undergoing changes. The pricing policy of EuropaCorp Home Entertainment and the EIG is determined based on video market practices. When a film is released on video, the EIG presents and recommends to retailers the films that will be marketed. Films have three main life/pricing periods (full price, middle price, and budget price). These prices and pricing operations vary over the period the product (films or other) is marketed. During negotiations with retailers, the distributor’s DVD and Blu-ray sale prices are generally lowered after four and six months.
In addition, the Group, via its EuropaCorp Films USA, Inc. subsidiary has a video publishing and distribution agreement for its films with Lionsgate in the United States.

The Group also has an active policy of exploiting its films that have already been released on video,

[2] As of the filing date of this Universal Registration Document, the Fox Pathé Europa EIG is being wound up.

promoting certain titles by lowering the retail price and creating box-sets and special editions (such as the *Taken*, *Transporter* and *Arthur* franchises).

5.1.2.1.3 Digital film distribution: VOD & SVOD

For the 2019/2020 financial year, the Company's revenue earned by making the films for which it owns the exploitation rights (as producer or distributor) available online is down at €3,694 thousand (compared to €12,673 thousand in 2018/2019 and €30,137 thousand in 2017/2018). The decrease is largely due to the decrease in revenues generated in the United States (revenues which remained high in N-1 from *Valerian and the City of a Thousand Planets*).

In 2019, the video on demand (VOD) market in France was worth around €1,053.4 million, up 38.2% compared to 2018. Its potential continues to grow, particularly via subscription video on demand (SVOD), for which the market was estimated in 2019 to be worth €813.3 million versus €506.8 million in 2018 (+60.5%). This year, the U.S. platforms (Netflix and Amazon Prime Video) are again playing a major role in the market's momentum, and are preferred partners. In fact, more and more, pay-per-view VOD is being replaced by subscription video on demand as the preferred mode of consumption. Indeed, for the third consecutive year, this market surpassed the pay-per-view market and now constitutes the majority (77.2%) of sales. *(Source: CNC – Bilan 2019)*

The various prospective studies on this topic foresee rapid growth for this activity in the years to come, particularly with the potential arrival of the Apple, Disney and Warner SVOD platforms in France. These projections fit more broadly into a technological movement in which distribution channels are multiplying, while download capacities and speeds increase, fueling user demand for cinematographic and audiovisual content.

Accordingly, EuropaCorp, as editor of attractive content, holds a favorable position and seeks to exploit these potential growth relays.

At the moment, a large portion of the films in EuropaCorp's catalog are still being exploited in France by all the VOD players (internet service providers and other key companies such as Netflix or Amazon).

5.1.2.1.4 Sale of television broadcasting rights

Television is an important distribution channel for all films produced by EuropaCorp and represents a significant component of its financial strategy for pre-financing its productions. The broadcasting rights for each film produced are sold to one or more French television channels (usually one or two pay channels and one free channel) for a predetermined number of viewings, in principle at the production stage of the film, sometimes after its release in theaters. As part of its pre-financing strategy, EuropaCorp strives to sell its productions at the film's production stage. It is therefore the Group's practice to initiate contacts with the television channels starting with the development phase of the film and take into account the response of the channels to the project as part of its process to decide whether to shoot the film. For example, *Anna*, released in the 2019/2020 financial year, for which EuropaCorp was the executive producer, was sold in advance to television channels. Channels that have acquired television broadcasting rights during the pre-sale period are generally associated with the promotion of the film during its theatrical release.

Television channels generally negotiate the acquisition of rights for each film individually. Sale agreements for television broadcasting rights generally provide for a right of priority and/or preemption for subsequent sales of television broadcasting rights.

TF1 is the largest purchaser of first broadcast rights on a non-pay channel for films produced by

EuropaCorp: 50 out of the 90 films for which EuropaCorp was the executive producer or co-executive producer that were released in theaters in France before March 31, 2020 were sold in advance to TF1 after negotiations for each film individually. EuropaCorp is also developing its relations with other free television channels (France 2, France 3, M6, Arte, etc.) for the acquisition of the television broadcasting rights to its films.

With regard to pay television, EuropaCorp has a privileged relationship with Canal+, which acquired exclusive first broadcast rights in France for almost all films released in theaters prior to March 31, 2020 (82 films acquired out of 90) for which EuropaCorp was the executive producer or co-executive producer.

The price of pre-sale television broadcasting rights is negotiated on the basis of the specific features of each project: budget, director and cast, genre and commercial potential of the project, etc. An additional price may be charged based on the film's success, based on box office figures. The success of a film's first unencrypted broadcast also determines the potential of its second run (see Section 5.1.2.5 of the Universal Registration Document) for rebroadcasts on television channels; the greater the success, the greater the film's EuropaCorp catalog value. The sale price for second broadcast rights is most often negotiated based on the purchase price of first broadcast rights and the audience detected during the first broadcast.

#### *5.1.2.2 International rights sales*

International sales rights for films consist of sales to foreign distributors of all distribution and broadcast rights for one or more films, on an exclusive basis, with delimited territories for a fixed period. The owner of the rights in a territory may usually exploit all channels (theaters, video, TV channels, etc.) for a period ranging from a few years to over 12 years. EuropaCorp directly manages the sale of exploitation rights abroad for the films it produces.

The international film sales market covers nearly 50 areas (some of which may contain several countries). In each of them, a few independent distributors co-exist and share the market with the subsidiaries of major American studios, which distribute their own productions almost exclusively. If in some countries the market does not justify the establishment of subsidiaries of those major studios, independent distributors that are leaders in their market take over film distribution for the major studios based on exclusive distribution agreements. Historically, in most countries, the Group has maintained privileged relationships with several distributors where it is not bound by any exclusive relationship. Thanks to the high level of expertise in international markets of EuropaCorp's sales teams, depending on the film, the Group selects the distributors it will target based on their interest in the type of film in question and seeks, where possible, to take advantage of the competition between local distributors in order to maximize the revenue that will result from the sale of distribution rights for each film. EuropaCorp productions generate strong interest from independent distributors because in most countries, they do not have access to the major American studio productions that are distributed by their local subsidiaries.

As early as the pre-production phase, EuropaCorp international sales teams establish a sales matrix that lists potential distributors in the 50 or so areas that are active in the rights acquisition market. EuropaCorp's ambition is to distribute its films in as many countries as possible. In accordance with the practices of the profession, a large share of sales to foreign distributors are carried out during the international film markets, the most important of which are, in chronological order, the European Film Market in Berlin (mid-February), the Cannes International Film Market (mid-May) and the American Film Market in Los Angeles (early November).

The following table shows the distribution percentages by country for international sales of EuropaCorp films for the 2017/2018, 2018/2019 and 2019/2020 financial years.

**Breakdown of EuropaCorp's global exports**
**in the 2017/2018, 2018/2019 and 2019/2020 financial years**

| Territory | FY 2017/2018 | FY 2018/2019 | FY 2019/2020 |
|---|---|---|---|
| North America[3] | 12.1% | 72.1% | 60.7% |
| Western Europe | 40.2% | 13.3% | 16.5% |
| *Spain and Italy* | *6.7%* | *1.9%* | *2.9%* |
| *Germany* | *13.5%* | *2.1%* | *1.1%* |
| *Switzerland, Belgium* | *4.0%* | *4.8%* | *5.3%* |
| *United Kingdom* | *12.5%* | *0.0%* | *1.5%* |
| Central and Eastern Europe | 8.7% | 2.6% | 6.6% |
| Asia | 19.8% | 7.2% | 6.3% |
| Rest of the world | 19.2% | 4.8% | 9.9% |
| **Total** | **100.0%** | **100.0%** | **100.0%** |

Sales of rights internationally, in accordance with market practices, are governed by contracts that define the types of rights granted and for how long and the territories concerned. They also provide and govern the use of any promotional materials. EuropaCorp makes available to foreign distributors the main components of the film's marketing strategy and ensures that the promotional campaigns conducted as well as the costs attached to the film's promotion conform to contractual commitments. Most of these contracts, which are based on models that already exist in the industry, are governed by French law.

In the vast majority of cases, remuneration by EuropaCorp consists of a minimum guarantee that constitutes an advance from the distributor on the share of receipts attributed to EuropaCorp, after amortization of publishing and advertising expenses usually paid by the distributor. When a film has generated sufficient receipts in the territory in question to amortize these publishing and advertising expenses and cover the amount of the minimum guarantee received by EuropaCorp, any additional receipts are shared between EuropaCorp and the distributor and are distributed in a way which varies from contract to contract, and within the same contract depending on the distribution format (theaters, television sales, video, and VOD).
For sales of rights internationally, EuropaCorp internally monitors the tracking of receipts generated by each of the films in each of the territories to ensure the return to the Group of the negotiated percentage of receipts.

#### *5.1.2.3 Additional exploitation of films in the form of associated products, licenses and partnerships*

Partnership agreements and the exploitation of associated rights can currently represent effective means of promotion for films (and, more recently, television series) but more importantly, they are significant revenue sources for producers.

Over the past few years, EuropaCorp has entered into various types of partnerships, particularly with the animated film series *Arthur*, the animated film *A Monster in Paris*, and *Valerian and the City of a Thousand Planets.*

##### 5.1.2.3.1 Agreements for associated products

In March 2016, a contract was signed with Striker, to set up and develop the global marketing of products associated with the film *Valerian and the City of a Thousand Planets.*

[3] Canadian and American royalties, plus Lionsgate Minimum Guarantee for the film *Anna* in the 2018/2019 financial year.

5.1.2.3.2 Licensing agreements

Licenses are contracts whereby the owner of a trademark awards the right of use to a company. Since the first film in the *Arthur* saga, over 50 licensing agreements have been signed with various partners.

However, licenses and associated products can only be exploited for the appropriate types of films. The associated products market is very competitive and is reserved for television programs and films with a high reputation potential that is likely to generate purchasing behaviors for sufficiently large consumer segment. Animated films are particularly well suited for associated product marketing due to their young target audience and the absence of problems related to the image rights of the main characters.

- Promotional licensing

Promotional licenses are agreements with brands that support both the promotion of the film and use its image to sell more products. This includes, for example, adding images from films to the packaging of food products (Lesieur, Nestlé) or even the promotional licensing agreement signed with the Ludendo Group (La Grande Récré), a specialist in the distribution of toys with over 300 points of sale. In this scenario, the sale of products covered by the license coincides with the theatrical release period of the film. In general, these contracts result in the payment of a fixed fee for use for a specified period.

- Event licensing

This type of license responds to a new kind of consumer expectation, creating memorable experiences with popular characters from a film or cartoon and its universe of characters. These contracts are negotiated two to three years in advance and include a fixed fee for a number of years and a minimum operational budget for the creation of the attraction. As a result, the Futuroscope was chosen by EuropaCorp as the location for the 4D Invisibles attraction, which opened on December 19, 2009. More recently, Europa Park, the European leader in amusement parks, and EuropaCorp agreed on the creation of a new attraction with the theme of *Valerian and the City of a Thousand Planets.* This virtual reality attraction, launched in September 2018, follows in the footsteps of *Arthur in the Kingdom of the Invisibles*, the first collaborative venture between the two companies, which was inaugurated in September 2014. In 2018, Europa Park welcomed over 5.7 million visitors, the second highest visitor attraction in Europe after Disneyland Paris (9.8 million), thereby confirming the ever-growing success of this first collaboration.

- Book publishing

Historically, through its Intervista subsidiary, EuropaCorp exploited a catalog of literary rights, some of which related to films. Since Intervista's business is now limited to the management of the catalog of previously acquired rights, the Group retains the option to use certain brands to publish books under license.

5.1.2.3.3 Partnership agreements

- Global partnerships for a EuropaCorp film

EuropaCorp has developed an original partnership offer with major brands to enable them to associate their name with the film industry, appropriate the content of a film for its own marketing campaigns, and participate in the launching of films.

Beyond the financial contribution of the partner to the financing of a film, the signing of this type of partnership enables EuropaCorp to give more visibility to a film. Accordingly, BNP Paribas and

EuropaCorp signed a partnership agreement for the first part of the *Arthur* trilogy in 2005, which was renewed for the second part of the saga in 2009. A similar agreement was signed in 2015 for the film *Valerian and the City of a Thousand Planets*, enabling BNP Paribas to use the film's theme for advertising and commercial purposes, as Orange Studio and Toyota Motor Corporation have done for Lexus. The PPR group, since renamed Kering, teamed up with EuropaCorp for the *Home* project (film released in 2009). In return for a large share of the financing of the film, PPR became the official sponsor for the project, with exclusive exploitation rights to the image of the film.

- Framework partnerships with EuropaCorp not specific to a film

Some brands or industries share strong synergies with the world of film. Based on a long-term commitment, this type of partnership between a brand and EuropaCorp makes it possible to develop a close relationship, constantly identify communication opportunities for a brand and its business (by product placement in particular), and ensure a recurring financial contribution to EuropaCorp by a flat-rate annual income paid by each partner.

Accordingly, in late 2006, EuropaCorp signed a three-year partnership agreement with Volkswagen France Group for the automotive industry that allowed both groups to collaborate on the film *Taken*, *Transporter 3*, and *22 Bullets*. Similarly, in 2008, Honda France chose to partner with EuropaCorp on the motorized two-wheelers segment for a period of three years; then Yamaha Motor France in 2013 for one year. Finally, in March 2015, EuropaCorp signed a three-year partnership contract with Toyota Motor Corporation for the Lexus brand.

- Technological partnerships with EuropaCorp

EuropaCorp is also extremely interested in innovation and cooperates with world leaders in new technologies to push the boundaries of entertainment, offer new experiences to the public, and discover powerful new communication relays.

As a result, the releases of the films in the *Arthur* saga and of *The Extraordinary Adventures of Adèle Blanc-Sec* resulted in a partnership with Dassault Systèmes, which contributed its technological expertise and enhanced the promotional campaign for the films. The Group intends to continue this policy of entering into partnerships and developing licenses to diversify its sources of funding while it finds new ways to promote its films.

#### *5.1.2.4 Acquisition of distribution rights and their exploitation*

In order to generate additional revenue, EuropaCorp may acquire distribution rights for French territory or other French-speaking countries for films produced outside the Group. In other cases, the company may also be entrusted with all exploitation rights for a film internationally, excluding certain geographical areas. In different scenarios, in contrast to the films it produces and for which EuropaCorp has exploitation rights for the duration of the copyright, the films that the company acquires may only be exploited for a contractually determined period on a case-by-case basis. During this period of exclusivity and within the determined territory, the company generally has all the exploitation rights for the film: distribution in theaters, video distribution, sale of TV broadcasting rights, etc. Under the distribution agreements and, generally, in exchange for the payment of a minimum guarantee amount, EuropaCorp earns commission on the gross receipts generated by the exploitation of the film.

#### *5.1.2.5 Exploitation of films' second runs*

As EuropaCorp produces films, it creates a film catalog that it can exploit in such a way that it generates recurring revenue in the future and whose size should be commensurate with the success

experienced during the first run of films.
Potential receipts from a film during its second run (beginning after the second or third unencrypted television broadcast) depend on its success in theaters and video sales, as well as its viewer share for its first television broadcast. The revenue generated by these films during their second run, while they are, as a general rule, fully amortized, are represented mainly by the sale of television broadcasting rights, as well as by DVD or VOD sales and the sale of the exploitation rights for the films abroad, once the exclusivity period previously granted to the foreign distributor has expired.

##### *5.1.2.6 TV series distribution rights*

Following the acquisition of Cipango (which is now EuropaCorp Television) in April 2010, EuropaCorp has diversified its sources of revenue with the sale of TV series to French and international broadcasters. Now, the Group has focused on the production of English-language series and the sale of their rights mainly to foreign distributors, especially American ones.

English-language series can be sold in different regions, either by the Group or by a designated representative.
After their TV broadcast, the television series developed by the Group may be exploited in video format, which will potentially generate additional receipts.

In the 2019/2020 financial year, the sale of television series broadcasting rights generated €6.0 million in revenue, 8.6% of the Group's total revenue, versus €24.4 million or 16.2% of total revenue in the 2018/2019 financial year. Included in this figure was the delivery of the last six episodes of the second season of the TV series *Taken*. This revenue of €6 million corresponds to the international exploitation of this same series (overages).

#### 5.1.3 Complementary activities to film production and distribution

In addition to its main operations, the Group has a certain number of other activities, including recurring operations which streamline the Group's revenue.

##### *5.1.3.1 Music publishing*

EuropaCorp manages the production of the original soundtracks for its films. Furthermore, the Group can at times also later exploit these recordings as "O.S." (Original Soundtrack) in the form of licenses granted to record labels. The work done in cooperation with the recording industry has made it possible for the original soundtracks of *Little White Lies* and *The Concert* to become gold albums. Similarly, the music video for "La Seine", performed by Vanessa Paradis and Matthieu Chedid from the film *A Monster in Paris* received the Victoires de la Musique award in 2012.

In addition, through its subsidiaries, EuropaCorp Music Publishing and Orchestra, the Group publishes original musical works composed for its films. Through this publishing activity, EuropaCorp Music Publishing and Orchestra, as publishers of original musical works, is a member of the SACEM (French Society of Authors, Composers, and Music Publishers, which manages music rights in France). EuropaCorp Music Publishing is represented worldwide (excluding France) by Universal Music Publishing. Orchestra is represented worldwide by EMI Music Publishing France. These two Group companies can therefore receive the proportional remuneration owed when their musical works are exploited.

These publishing receipts are generated naturally whenever a film is shown, such as for theatrical screenings, video, television broadcasts, online exploitation, etc., and paid for by film exploiters to the collective management companies (which then pay the third parties, including music publishers), thus allowing EuropaCorp, through its subsidiary, Orchestra, to collect additional receipts related to the exploitation of its films.

EuropaCorp sold its music publishing rights business to Sony/ATV in June 2017 and concluded a management and sub-publishing contract for future works.

##### *5.1.3.2 Line production*

The job of line producer consists of seeing to it that a film is produced on behalf of a production company. A line producer assigns teams and brings together all technical means necessary for filming in accordance with a projected budget and precise deadlines. He or she therefore acts as a service provider on behalf of a production company and invests no money in the project.

EuropaCorp once acted as a line producer during the 2007/2008 financial year, for the film *Hitman* produced by 20th Century Fox, for which EuropaCorp received €16,987 thousand.

The reform of the international tax credit in January 2016 aimed at encouraging foreign producers to choose France and French technical and artistic expertise to produce their films and the exploitation of Studios de Paris – one of the best-equipped film sets in Europe – could encourage the development of this activity in the future.
Accordingly, EuropaCorp once again took on the role of line producer for the film *Kursk* released in France in November 2018.

#### 5.1.4 New products and services

None.

### *5.2 Main markets*

#### 5.2.1 Film entertainment market

The overall trend in the rapidly changing global cinema market is influenced by a combination of several factors. Of these, the democratization of certain leisure pursuits and products (TV, video, internet), as well as the development of distribution media such as VOD and SVOD, the spread of digital technology and the increase in film merchandise have largely contributed to the growth in revenue generated by the film industry.

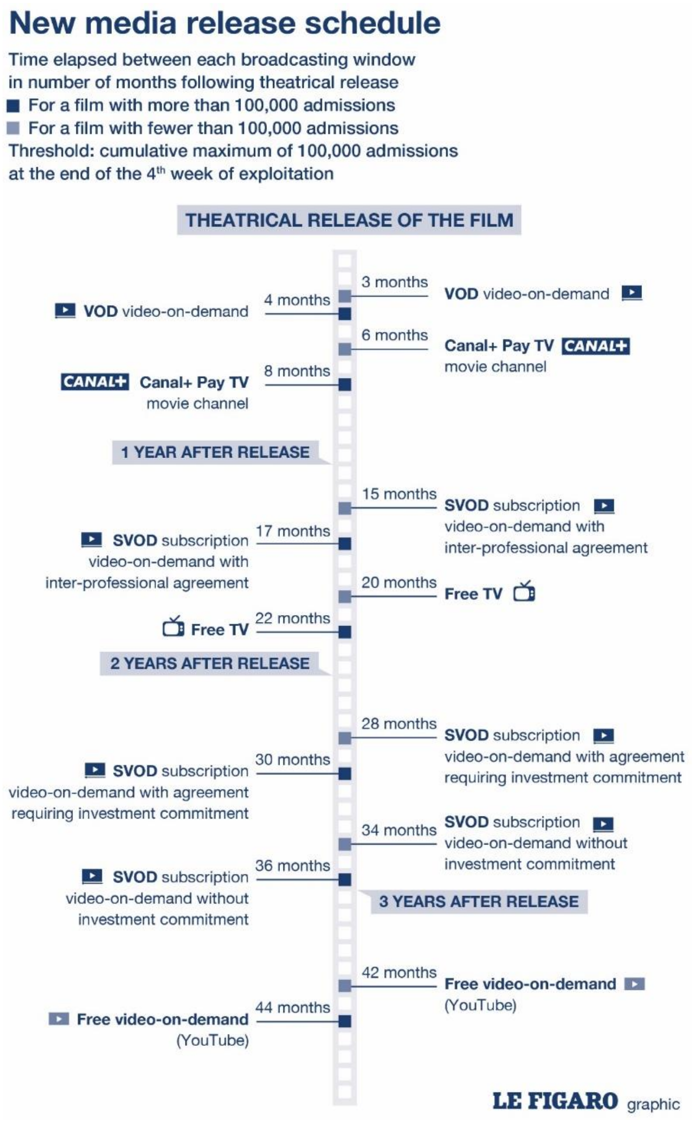
Revenue generated by global movie theater admissions increased for the eleventh consecutive year, reaching a record high in 2019 of $42.2 billion, up 1% compared to 2018, following a 1% increase in 2017 and 5% the preceding year.

In 2019, Asia Pacific remained the most important region in terms of box office revenue for the seventh consecutive year, with an increase of 4% compared to 2018 to $17.8 billion. The market is driven by Japan where box office revenue increased by 19% in 2019 to $2.4 billion, India (+4% to $1.6 billion) and China (+1% to $9.3 billion). Box office revenue in North America decreased by 4% compared to 2018, a record year, to $11.4 billion. Latin America increased by 3% compared to 2018, to $2.7 billion, driven mainly by Mexico (+13%) and Brazil (+5%). The Europe, Middle East and Africa region increased by 2% compared to 2018, including +9% in Germany, +9% in Italy and +7% in Russia.
*Source: MPAA 2019, U.S. Theatrical Market Statistics; Le Film Français*

In 2019, China confirmed its position as the biggest market in the world in terms of admission numbers with 1.73 billion admissions (+1%), ahead of the United States and Canada where admissions were down 5% to 1.24 billion in 2019 (versus 1.30 billion in 2018 and 1.24 billion in 2017).

Admissions to European Union theaters were up by 5.5% to 1.01 billion admissions in 2019, making it the best year since 2004. This increase affected the vast majority of countries in the European Union. With admissions up 5.9%, France remains the biggest market in the European Union both in terms of admissions (213.0 million) and revenue (€1.45 billion). After an often difficult 2018, a number of key European markets have seen significant increases in admissions, chief among which Italy (+14.2% to 104.7 million admissions) and Germany (+12.6% to 118.6 million admissions, but also Spain (+4.7% to 103.6 million). Only in the United Kingdom were admissions stable after a record year in 2018 (-0.5% to 176.1 million admissions).
*Source: CNC – Bilan 2019*

Under the impetus of the European Directive of June 30, 1997 on the timing of media releases, and with the proliferation of film distribution methods (cinema, television, internet, video, etc.), many countries have seen public authorities and professionals in the sector gradually setting up a mixed system of private agreements and public regulation designed to organize the order in which a film is broadcast on each type of medium, reserving exclusive windows for each of them that make it possible to optimize the profitability of a film. These systems remain in a state of flux following the success of SVOD platforms: PSVOD (Premium SVOD) authorization in the United Kingdom, a new agreement on the schedule of releases in France signed on December 21, 2018. This agreement modifies the agreement of June 2009 by somewhat relaxing the broadcast windows (see below graphic on the new schedule for releases - Source: *Le Figaro*).



### 5.2.2 Film production in France and worldwide

In France, production has remained stable with 301 films approved, one more than in 2018 and 2017, and therefore remains high. *Source: CNC – Bilan 2019*

In North America, in 2019 the number of films released increased to 835, versus 765 films in 2018 (+9%). In 2019, 35 3D films were released in theaters in the United States, i.e. seven films less than in the previous year, with eight of these films being ranked in the box office Top 10.
*Source: MPAA 2019 U.S – Theatrical Market Statistics*

**Number of films approved by the CNC – France**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| French films (1) | 203 | 206 | 209 | 208 | 203 | 234 | 221 | 222 | 237 | 240 |
| *of which 100% French films* | *143* | *151* | *150* | *153* | *152* | *158* | *159* | *177* | *182* | *185* |
| *of which coproduction films* | *60* | *55* | *59* | *55* | *51* | *76* | *62* | *45* | *55* | *55* |
| Predominantly foreign films (2) | 58 | 65 | 70 | 61 | 55 | 66 | 62 | 78 | 63 | 61 |
| **Total approved films (1) + (2)** | **261** | **271** | **279** | **269** | **258** | **300** | **283** | **300** | **300** | **301** |

*Source: CNC – Bilan 2019*

In France, 301 feature films were approved by the CNC in 2019. The share of French films has increased (+3 films) to the detriment of predominantly foreign films (-1 film).

In 2019, the average budget for French films was €3.76 million, compared to €4.04 million in 2018, i.e. a decrease of 6.8%.
*Source: CNC – Bilan 2019*

**Growth of investment in films approved[4] by the CNC**

| **Total investments (€ million)** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** |
|---|---|---|---|---|---|---|---|---|---|---|
| French films | 1,112.1 | 1,127.6 | 1,065.6 | 1,019.2 | 799.2 | 1,023.8 | 1,208.8 | 1,088.9 | 956.9 | 903.4 |
| Predominantly foreign films | 326.9 | 260.8 | 276.7 | 234.7 | 195.0 | 200.4 | 179.7 | 239.0 | 168.6 | 213.2 |
| **Total** | **1,439.0** | **1,388.4** | **1,342.3** | **1,254.9** | **994.1** | **1,224.2** | **1,388.5** | **1,327.9** | **1,125.5** | **1,116.6** |

*Source: CNC – Bilan 2019*

In 2019, investments in approved films decreased by 0.8% to €1,116.6 million. Totaling €903.4 million in 2019, investments in French films decreased by 5.6% compared to 2018.

[4] *Films that received investment or production approval from the CNC for that year.*

### 5.2.3 International film sales market

**International box office receipts from French films**
**Global box office (excluding France) of the 20 best French films from January 1, 2000 to June 21, 2020**

| TOP 20 PREDOMINANTLY FRENCH FILMS WITH GLOBAL RELEASE SINCE 2000 | | | |
|---|---|---|---|
| **Rank** | **Film** | **Cumulative admissions as of 06/21/2020** | **Cumulative receipts as of 06/21/2020** |
| 1 | ***Lucy**** | 56,071,702 | €314,117,681 |
| 2 | ***Taken 2**** | 47,684,982 | €272,927,705 |
| 3 | ***Taken 3**** | 43,981,143 | €263,272,540 |
| 4 | *The Intouchables* | 31,866,059 | €220,063,807 |
| 5 | ***Valerian and the City of a Thousand Planets**** | 30,572,252 | €169,777,550 |
| 6 | ***Taken**** | 30,163,275 | €164,121,585 |
| 7 | *Amélie* | 22,373,833 | €133,474,268 |
| 8 | *The Pianist* | 17,869,280 | €99,210,482 |
| 9 | *March of the Penguins* | 19,964,375 | €96,632,536 |
| 10 | *The Artist* | 13,467,361 | €86,129,187 |
| 11 | ***Transporter 3**** | 16,773,600 | €81,088,842 |
| 12 | *Le Petit Prince* | 18,245,246 | €79,777,105 |
| 13 | ***Kiss of the Dragon**** | 12,272,337 | €71,475,839 |
| 14 | *Serial (Bad) Weddings* | 9,848,856 | €68,411,893 |
| 15 | ***Transporter - Refueled**** | 12,896,651 | €65,827,323 |
| 16 | ***Transporter 2**** | 12,714,103 | €62,747,061 |
| 17 | ***Malavita (The Family)**** | 10,437,166 | €56,399,270 |
| 18 | ***Colombiana**** | 9,560,925 | €51,022,438 |
| 19 | ***Arthur & the Invisibles**** | 10,201,989 | €49,842,656 |
| 20 | *Asterix & Obelix: Mission Cleopatra* | 10,062,166 | €46,562,468 |

*** EuropaCorp productions**
*Source: Unifrance – June 2020*

In France, the film export industry is relatively concentrated. Two main types of operator can be identified: subsidiaries of integrated media groups with a large catalog of French or foreign films, either produced or acquired, on the one hand; and independent distribution companies with a limited number of titles, on the other hand. EuropaCorp, which holds the exploitation rights to the films it produces, sells international exploitation rights directly to local distributors without going through a specialized distribution company.

In 2019, seven years after the 2012 admissions record (143.8 million admissions), French cinema recorded 40.5 million admissions in movie theaters abroad (-7.4% compared to 2018), while the corresponding box office receipts totaled €244.4 million (-6.9%). *Anna* the biggest French film globally achieved 4.4 million admissions, i.e. 10.7% of all French film admissions globally.

The average for the last ten years is 77 million admissions.

For the fourth year running, Western Europe remains the biggest export market for French films. With 19.1 million admissions, the region accounted for almost half of French cinema admissions worldwide in 2019.

Central and Eastern Europe remained in second position as export markets for French cinema in 2019, with 7.4 million admissions, a 9.2% increase compared to 2018. The region accounted for 18.2% of global market share for French cinema in 2019, the highest in the decade.

Latin America came in third place with 4.8 million admissions in 2019, 11.8% of total global admissions recorded.

In 2019, North America was once again in fourth place among the export regions for French films. For the first time in ten years, the region declined below 10% of market share (9.6% in 2019). No films reached the threshold of 1 million admissions in 2019.

*Source: CNC – Bilan 2019*

### 5.2.4 Theatrical distribution market

#### *5.2.4.1 International theatrical distribution market*

In 2019, China confirmed its position as the world leader in admissions with 1.73 billion admissions, versus 1.72 billion in 2018, ahead of the United States and Canada with 1.24 billion admissions (-5%). Admissions to European Union theaters were up by 5.5% to 1.01 billion admissions, the highest figure since 2004.
However, in terms of receipts generated, the United States is still the largest market in the world, worth $11.4 billion (€10.2 billion) versus $11.9 billion (€10.1 billion) in 2018.
In China, receipts grew by 5.4% in local currency to ¥64.3 billion ($9.2 billion). It was a particularly good year for local films: the market share of Chinese films in terms of receipts hit a record high of 64.1% of total receipts, compared to 62.2% in 2018.
*Source: CNC – Bilan 2019*

Globally, revenue generated by global movie theater admissions increased for the eleventh consecutive year, reaching a record high in 2019 of $42.2 billion, up 1% compared to 2018, following a 1% increase in 2017 and 5% the preceding year.
*Source: MPAA 2019, U.S. Theatrical Market Statistics.*

**Number of annual admissions (in millions, comparative data)** *Source: CNC – Bilan 2019*

| Year | North America | China | France | UK | Germany | Italy | Spain | Japan | Russia |
|---|---|---|---|---|---|---|---|---|---|
| **2010** | 1,340 | 290 | 207 | 169 | 127 | 121 | 102 | 174 | 156 |
| **2011** | 1,280 | 370 | 217 | 172 | 130 | 101 | 98 | 145 | 160 |
| **2012** | 1,360 | 470 | 204 | 173 | 135 | 100 | 94 | 155 | 157 |
| **2013** | 1,340 | 631 | 194 | 166 | 130 | 107 | 79 | 156 | 177 |
| **2014** | 1,270 | 830 | 209 | 158 | 122 | 98 | 88 | 161 | 176 |
| **2015** | 1,320 | 1,260 | 205 | 172 | 139 | 107 | 95 | 167 | 174 |
| **2016** | 1,320 | 1,370 | 213 | 168 | 121 | 113 | 102 | 180 | 195 |
| **2017** | 1,240 | 1,620 | 209 | 171 | 122 | 99 | 100 | 175 | 212 |
| **2018** | 1,300 | 1,720 | 201 | 177 | 105 | 93 | 99 | 169 | 202 |
| **2019** | 1,240 | 1,730 | 213 | 176 | 119 | 105 | 104 | 195 | 216 |

According to the available preliminary information, the receipts generated by theaters in 2019 were stable or up in almost all European Union markets for which data is available, some 21 countries.

#### *5.2.4.2 The French theatrical distribution market*

With 213.0 million tickets sold in mainland France in 2019, ticket sales in theaters increased by 5.9% compared to 2018. In 2019, the 200 million admissions threshold was crossed for the sixth consecutive

year with the third highest figure since 1966 (234.2 million admissions).
In 2019, box office receipts reached €1,447.4 million (+8.3%), i.e. the highest figure since the introduction of the single European currency and significantly higher than the decade's average (€1,346.0 million). Receipts excluding taxes (VAT and the special tax on ticket prices) totaled €1,215.7 million in 2019, compared to €1,122.9 million in 2018.

**Admissions and box office receipts in France***

| | Admissions (in millions) | Box office receipts (in millions of euros) | Average receipt per admission (in euros) |
|---|---|---|---|
| **2010** | 207.1 | 1,309.9 | 6.33 |
| **2011** | 217.2 | 1,374.7 | 6.33 |
| **2012** | 203.6 | 1,306.5 | 6.42 |
| **2013** | 193.7 | 1,250.9 | 6.46 |
| **2014** | 209.1 | 1,333.3 | 6.38 |
| **2015** | 205.4 | 1,331.7 | 6.48 |
| **2016** | 213.2 | 1,388.6 | 6.51 |
| **2017** | 209.4 | 1,380.6 | 6.59 |
| **2018** | 201.2 | 1,336.9 | 6.64 |
| **2019**** | 213.0 | 1,447.4 | 6.79 |

** To provide a more detailed analysis of theater admissions, three different film categories were used for the first time in 2013: feature-length films, short films and non-film (recordings of live events and audiovisual programs); all data have been updated since 2004 according to this new distinction.*
*** Provisional data.*

In 2019, the key players in the theater distribution market in France were as follows (*Source: CNC – Bilan 2019*):

**The top ten distributors in 2019**

| | | Market share[1] (%) | Films under exploitation | Of which premieres |
|---|---|---|---|---|
| 1 | The Walt Disney Company | 25 | 172 | 11 |
| 2 | Warner Bros. | 10.3 | 348 | 16 |
| 3 | Universal Pictures International | 7.9 | 127 | 25 |
| 4 | Sony Pictures Home Entertainment | 6.8 | 79 | 13 |
| 5 | Pathé Films | 5.4 | 223 | 17 |
| 6 | UGC Distribution | 4.9 | 69 | 14 |
| 7 | SND | 4.2 | 72 | 12 |
| 8 | Gaumont | 4.1 | 262 | 10 |
| 9 | 20th Century Fox[2] | 4 | 117 | 12 |
| 10 | Metropolitan FilmExport | 3.4 | 136 | 24 |

*[1] In terms of distributor collections.*
*[2] The company was bought by The Walt Disney Company in March 2019.*

### 5.2.5 The exploitation market

#### *5.2.5.1 Exploitation in France*

There were 6,114 theaters operating in France 2019, i.e. 131 more than in 2018 (+2.2%). Of the new screens, 41.9% are in multiplexes (theaters with over eight screens), and 31.0% of them are in theaters with between four and seven screens. The remaining 27.1% are located in theaters that have between one and three screens.

Given the change in admissions in 2019 (+5.9% compared to 2018), the average number of admissions per theater increased to 104,168, up 5.6% compared to 2018. It crossed the 100,000 admissions mark again, thus returning to 2017 levels. The average number of admissions per screen increased less quickly at 34,842 (+3.6%). On average, each multiplex recorded 552,563 admissions in 2019 (535,188 in 2018, +3.2%), a smaller increase than for theaters as a whole.

In 2019, 232 multiplexes (movie theaters with eight screens or more) are operational in France of which six opened in the year. In 2019, 11.3% of French theaters were multiplexes. The majority of movie-goers attend multiplexes; 60.2% of admissions in 2019 involved such establishments. In total, their admissions were up 6.0% compared to 2018 (+5.9% for movie theaters as a whole).

*Source: CNC – Bilan 2019*

#### *5.2.5.2 International exploitation*

In Europe, the number of theaters was on an upward trend in 2019. In Germany there were 1,734 theaters (1,672 in 2018) and 4,961 operational screens (+112 screens). The number of screens in Spain was up again in 2019 with 111 additional screens bringing the total to 3,700 screens.
It was up in France with 68 new screens in 2018, bringing the total to 5,981 screens.

In 2019, Russian theaters again grew strongly with 334 additional screens to reach a total of 5,575 screens.

The number of screens in the United States increased in 2019 to 41,172 screens (40,837 screens in 2018).

In China, theaters continued to increase with 9,708 additional screens (+16.2%), i.e. an average of 27 new screens per day. As such, the total number of screens in China was 69,787, the highest number in the world ahead of the United States (41,172 screens in 2019).

*Source: CNC – Bilan 2019*

### 5.2.6 The market for sales of television rights

#### *5.2.6.1 TV broadcasting in France*

In 2019, the French spent an average of 3 hours 30 minutes per day watching television, a decrease of six minutes. At the end of 2018, 31 national channels were available to private digital terrestrial TV (DTT) viewers (29 of them in HD). Twenty-six of these are free-to-air channels and five are pay-TV channels.

Whereas the so-called "older" terrestrial channels (TF1, France 2, France 3, Canal+, France 5, M6 and Arte) had already experienced an initial period in which viewing figures were eroded due to the expansion of pay-television, the introduction of new channels on free TNT from 2005 strengthened this trend.
As such, the aggregate audience share of "older" channels decreased from 69.5% in 2010 to 59.1% in 2019, a decrease of 10.4 points. The audience share of pay and local channels also declined, from 12.2% in 2010 to 10.3% in 2019 (a decrease of 1.9 points).
Over the period, TNT 2005's channels seem to have reached a plateau in 2012 with an audience share of 22%. They have since stabilized with an audience share of 21%.
Over the period, TNT 2012's channels sharply increased their audience share, from 2.3% in 2013 to 9.6% in 2019.
*Source: CSA – 2020 Channel guide*

#### *5.2.6.2 Broadcasting of films on television*

Television represents a significant share of the receipts generated by a film. French film producers enjoy a favorable regulatory environment, since French television channels are subject to minimum investment obligations before the first day of shooting on European and original French-language films, as well as minimum broadcasting quotas for these types of films.

In 2019, the film offering on television (free national channels and Canal+) decreased to 2,323 different films being broadcast (-43 titles compared to 2018, i.e. -1.8%). In all, 82.8% of these films were scheduled by the free French channels broadcasting 1,924 films, i.e. 100 fewer than in 2018.

In total, 29.7% of the films broadcast on television (free French channels and Canal+) were new (30.9% in 2018), i.e. scheduled for the first time on free-to-air TV. The percentage of new films on the national public channels was down at 28.3% (-4.8 points compared to 2018). Only 12.9% of the films broadcast by private free French channels were premieres (139 films in 2019). This reduced portion is due to the scheduling policy of the free private DTT channels which mostly show catalog films (92.2% film repeats on the free private DTT channels). On these channels, films were being scheduled on free-to-air TV on average for the ninth time in 2019 (like in 2018). Canal+ scheduled 310 film premieres in 2019, representing 68.7% of its offering (versus 69.5% in 2018).

#### *5.2.6.3 Broadcasting of TV series*

Dramas are the leading genre of TV shows in terms of offerings and television viewing figures. In 2019, the traditional national channels (TF1, France 2, France 3, Canal+, M6 and Arte) devoted 814 evenings to dramas (-10 evenings compared to 2018), representing 37.2% of all their evenings.

In 2019, the drama offering on the traditional national channels decreased by 10 evenings compared to 2018 for series (668 evenings) while it remained stable for single productions (146 evenings). In 2019, TV series made up 82.1% of the evenings dedicated to dramas on the traditional national channels (82.3% in 2018).

In terms of audiences, French drama is doing much better than American drama. In 2019, French drama recorded 85 of the 100 best drama television audiences for the whole day, compared to 74 out of 100 in 2018. For the fifth year running, French drama had the biggest drama audiences.

*Source: CNC – Bilan 2019*

### 5.2.7 The market for film distribution on video

Until 2004, the global market for physical video media recorded strong growth across the board as a result of DVD sales. After three consecutive years of decline in 2005, 2006 and 2007, the emergence of Blu-ray in 2008 helped to stabilize the French market between 2008 and 2010.
However, there has been a new decrease in revenue since 2011, as shown in the table below:

**Changes in revenue from physical video by content in France**
**(excl. VAT in millions of euros)**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Δ19/18 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Films** | 753.6 | 691.9 | 560.1 | 479.4 | 420.8 | 351.8 | 339.7 | 288.3 | 268.1 | -7.0% |
| **Non-film** | 429.3 | 380.7 | 328.4 | 290.3 | 250.0 | 214.3 | 172.9 | 142.6 | 124.2 | -12.9% |
| **Promo. activities** | 40.1 | 43.4 | 40.3 | 37.3 | 36.7 | 29.0 | 24.0 | 17.7 | 14.7 | -17.2% |
| **Total** | **1,222.9** | **1,116.0** | **929.1** | **807.0** | **707.5** | **595.1** | **536.6** | 448.6 | 406.9 | -9.3% |

Three main reasons explain this decline in the market: changes in utilization (video watching as catchup TV or video on demand particularly by subscription), the drop in the prices charged, particularly for new releases, and piracy.

In 2019, DVD and Blu-ray sales (inclusive of all taxes) decreased by 9.3% to €406.9 million, a smaller decrease than last year. Household spending on physical video formats decreased for the ninth consecutive year. Receipts from the physical video market have more than halved (-70.6%) in ten years. They represented 27.9% of the overall video market in 2019 (physical and VOD).
*Source: CNC – Bilan 2019*

### 5.2.8 The VOD market and new distribution channels

In 2019, in France the pay-VOD market is estimated by the CNC to be worth €1,053.4 million, an increase of 38.2% compared to 2018. Since 2017 revenue from subscription VOD (SVOD) has been higher than revenue from pay-per-view VOD. In 2019, SVOD accounted for 77.2% of the VOD market (66.5% in 2018), up by more than 60% to €813.3 million. In parallel, the market share of rentals was 15.2% (23.3% in 2018) and the market share of pay-per-view was 7.6% (10.2% in 2018). *Source: CNC – Bilan 2019*

The French Act of June 12, 2009 promoting the dissemination and protection of creative content on the internet, known as the "Hadopi Act", has resulted in a comprehensive overhaul of film release schedules: the exploitation period of films on VOD has for example been reduced from 33 weeks to 16 weeks after their release in French theaters. This makes the legal supply of films on VOD more attractive and contributes to the development of these new services. The new agreement regarding the media release schedule signed on December 21, 2018, does not modify this 4-month period; however, it can be lowered to 3 months if a film had fewer than 100,000 admissions.

## *5.3 Company history and major events in the development of the Company and Group*

Created by Luc Besson in 1992 under the name Leeloo Productions, the Company really began producing and co-producing feature films in 1999, with the release the following year of *Taxi 2* and *The Dancer*.

Alongside its production business, the company began selling television broadcasting rights and international rights. In 2001 it set up several subsidiaries enabling it to extend its involvement during the various stages of exploitation of the films it produces, from theatrical distribution in France (EuropaCorp Distribution) to video publishing and distribution, also in France (EuropaCorp Home Entertainment and EIG Fox Pathé Europa, an economic interest group of which the Group is a member).

In 2002, EuropaCorp bought the companies Intervista and Dog Productions from Front Line, specializing in the publishing of film-related books and trailer production respectively.

In April 2002, the company also acquired a 35% stake in EuropaCorp Japan, the Japanese distribution company created in partnership with the country's leading media corporations, which holds exclusive distribution rights in Japan to films produced by EuropaCorp. EuropaCorp increased its stake in EuropaCorp Japan from 35% to 45% in 2007/2008, buying the shares at face value for around €65,000. On April 1, 2010, EuropaCorp bought the 55% stake still held by its partners for the price of JPY 1 per share, or JPY 1,100 (€10). This company was dissolved on February 29, 2012.

As part of its film production business, EuropaCorp has developed an important music publishing business to accompany the films it produces, which has gradually become an independent activity in its own right. Therefore, in 2005, to increase the profitability of this activity, the company transferred its music publishing and exploitation of musical works to a new subsidiary, EuropaCorp Music Publishing, specially created for this purpose. The catalog included around 1,500 original works, exploited by collecting societies all over the world (SACEM in France, and in partnership with Universal Music for the rest of the world). In June 2017, EuropaCorp Group sold its catalog of music copyrights to Sony/ATV Group, the world number one music publishing company, and signed an agreement for Sony/ATV to administer its music royalties for future film and television titles.

In December 2006, the Group released its first animated film, *Arthur & the Invisibles,* which sold more than 6.3 million tickets at French theaters. *Arthur & the Invisibles* was also an opportunity for the Group to develop multiple partnerships and to license related merchandise to maximize the film's receipts, including a partnership with BNP Paribas for nearly three years and with Orange with the exploitation of mini-sessions of the film on the mobile phones of Orange customers. The Group has since released the second and third installments of the franchise, *Arthur and the Revenge of Maltazard* and *Arthur and the War of the Two Worlds*, which sold 3.9 and 3.1 million tickets at French theaters respectively, although international sales significantly underperformed.

On May 16, 2007, the company completed the acquisition of all shares comprising the share capital of the company Ydéo, which specializes in consulting and creative marketing and with which EuropaCorp had enjoyed a close business relationship for several years. The company paid €676 thousand for 100% of the capital of Ydéo, corresponding to its net book value at March 31, 2007. As a result, the Group had the expertise of a skilled and experienced player in the film marketing industry.

On July 6, 2007, the shares in EuropaCorp were admitted for trading on the regulated market Euronext Paris Compartment B. With this IPO, 4,910,828 new company shares were issued and subscribed by the public and institutional investors for a total of €76,117,834. Following this capital increase, the total number of shares comprising the share capital of EuropaCorp amounted to 20,310,828 shares, the free float representing 22.91% of the capital. Since January 21, 2009, following the new system introduced by Euronext Paris, EuropaCorp's shares have been traded on Compartment C of the Euronext Paris market, owned by NYSE Euronext.

On February 26, 2013, EuropaCorp announced the success of the capital increase with preferential subscription rights for shareholders launched on February 4, 2013. The capital increase, for an initial amount of €20.2 million and a final amount of €23.2 million following the exercise of the extension clause, was fully subscribed. The total demand for this capital increase amounted to around €28.8 million (including the Caisse des Dépôts et Consignations subscription), equivalent to a subscription rate of around 143%.

Alongside this capital increase in cash, in February 2013 EuropaCorp performed a capital increase by contribution in kind, designed to group together within EuropaCorp the Group's synergistic activities, i.e. the brand entertainment and post-production activities carried out by Blue Advertainment and Digital Factory, respectively. The capital increase in kind covered 100% of the shares of Blue Advertainment, which had previously received all post-production activities of Digital Factory as a contribution from Front Line.

On February 28, 2008, EuropaCorp completed the acquisition of the company Roissy Films. This acquisition covered 100% of the capital and voting rights for a price of €27.22 million plus the amount of the company's net cash at December 31, 2007. Roissy Films managed a catalog of around 500 titles as owner or agent, including 80 award-winning films. The entire branch of film exploitation activity for Roissy Films was transferred to CDG, and in turn, the entirety of CDG's shares was sold to Gaumont on March 22, 2019.
On January 30, 2009, the film *Taken* by Pierre Morel, produced and co-written by Luc Besson, was released in theaters in the United States and topped the American box office. Generating $227 million in revenue worldwide, including $145 million in the United States, *Taken* became the second-highest

grossing international French film after *The Fifth Element*, directed by Luc Besson ($264 million in worldwide takings). *Taken 2*, the second film in the franchise, released in October 2012, made international box office receipts of $376 million, helping to make 2012 a record year in tickets sold for French films abroad and making EuropaCorp France's leading exporter. *Taken 3*, also produced and co-written by Luc Besson, was released in theaters in January 2015, and brought in almost $326 million in international receipts. Worldwide box office receipts from the three installments of the franchise total $928 million to date.
*Source: www.boxofficemojo.com*

In June 2009, EuropaCorp confirmed its participation in the La Cité du Cinéma project in Saint-Denis, a Paris suburb. Since August 2009, EuropaCorp has partnered with Euro Media Group, Quinta Communications and Front Line in the property investment company SCI Les Studios de Paris, through a property lease signed with a pool of leasing companies for a group of nine movie shooting sets at the La Cité du Cinéma site ranging in size from 600 to 2,200 square meters each, sold by EuropaCorp Studios.

EuropaCorp is a 40% shareholder of SCI Les Studios de Paris, whose studios were constructed at a cost of €30.2 million excluding tax. In addition to investments in the Company's share capital, current account funds were provided, in particular to finance the construction of the studios. As of March 31, 2019, capital investments and contributions to associates' current accounts totaled €10.3 million.

In addition, EuropaCorp has joined forces with the same partners – Euro Media Group, Quinta Communications and Front Line – in the Société d'exploitation des Studios de Paris, managed by Euro Media Group, to run the studios following their delivery in spring 2012. EuropaCorp has a minority stake of 40% in this company, which has share capital of €10,000 (see Sections 6.2 and 17.1 of the Universal Registration Document for further information). On May 17, 2017, a decision was made to transfer all of the assets of the company to SCI Les Studios de Paris through a dissolution and merger. That transaction was finalized on June 30, 2017 and its effect is retroactive to January 1, 2017.

EuropaCorp has also signed a lease with La Nef Lumière, owner of the business park where the La Cité du Cinéma offices are located and funded by the Caisse des Dépôts et Consignations and Vinci Immobilier, as part of the relocation of its registered office. By signing this lease, the company now has offices that are twice as large as 137 rue du Faubourg Saint-Honoré, for a substantially equivalent rent, given that Front Line has given the company a firm commitment to rent part of the premises leased by the company. EuropaCorp can now bring together in one place all its permanent staff as well as the film crew assembled for each film. This lease has been partially terminated as part of the implementation of the safeguard plan (see Section 17.1).

In August 2012, the Group moved from 137 rue du Faubourg Saint-Honoré in Paris to La Cité du Cinéma at 20 rue Ampère in Saint-Denis.

On April 15, 2010, EuropaCorp acquired, in cash, 75% of the capital of audiovisual drama producer Cipango, with a commitment to buy the remaining 25%, exercisable within a maximum of four years. On June 27, 2014, in accordance with the *"Cipango sale and acquisition of shares agreement"* signed on April 15, 2010, EuropaCorp confirmed to minority shareholders its desire to exercise its purchase option to acquire the 25% of EuropaCorp Television that it did not yet own. To this end, EuropaCorp acquired these shares on July 30, 2014. This company is now wholly owned by EuropaCorp.

On January 1, 2011, Cipango changed its name to EuropaCorp Television. EuropaCorp Television produces television dramas for the French and international markets.

On January 15, 2018, EuropaCorp sold business assets related to French television production activity for €11 million. Because the sale does not involve American television production, the Group will continue to produce and distribute English-language TV series with strong international potential, such as *Taken*.

On July 26, 2011, the Group signed an off-plan lease for the development and management of a multiplex cinema within the Aéroville shopping mall near Roissy airport, which opened on October 16, 2013. Management of the 12-theater multiplex, with almost 2,400 seats, began on November 15, 2013. On December 14, 2016, the Company sold its multiplex activity, which consists of the Aéroville multiplex in Tremblay-en-France and the La Joliette multiplex project in Marseille, to Cinémas Gaumont-Pathé at a price of approximately €21 million.

On February 20, 2014, Relativity Media and EuropaCorp set up a distribution joint venture in the United States, 50% owned by each partner. This platform gave EuropaCorp and Relativity Media optimized access to the U.S. distribution networks that is best suited to their respective production businesses.

On December 14, 2016, as the Relativity group had defaulted on the payment of its share of the general expenses for the shared distribution platform, EuropaCorp took over total control of the operating budget for the RED joint distribution platform, which is now called EuropaCorp Distribution LLC.

This intangible asset, which represents an entry fee, with an unspecified life is, by definition, non-depreciable and is tested annually. During the 2018/2019 financial year, indications of impairment losses were identified requiring the implementation of an impairment test which led to the recognition of a €60 million impairment, in addition to the €13 million recognized during the preceding financial year. In view of this impairment, this intangible asset is now entirely impaired as of March 31, 2019.

On May 16, 2014, EuropaCorp signed a commitment letter with J.P. Morgan, SunTrust Bank and OneWest Bank, pursuant to which each establishment in question confirmed to the Company its commitment to participate in a new five-year credit line for $450 million to take the place of the existing loan. Pursuant to this commitment letter, on October 22, 2014, the following were concluded: (i) a revolving principal credit line enabling it to raise finance against contracts, for up to $400 million, made up of a line of around €178 million and a line of $160 million, which comes with an accordion clause for $150 million; and (ii) a secondary credit line for $50 million. These credit lines have been amended, as stated in Section 8 of this Universal Registration Document.

The principal credit line was arranged by J.P. Morgan as Agent and Lead Bookkeeper, and SunTrust Bank and OneWest Bank as secondary Bookkeepers and co-arrangers. The principal credit line has been syndicated with major banks, notably the French banks Natixis, Banque Palatine, Arkea Banque Entreprises et Institutionnels, and BRED Banque Populaire.

This facility is used to finance EuropaCorp's production of new English-language films, as well as the marketing and distribution costs associated with these productions, particularly following the set-up of the RED services platform, via which EuropaCorp Films USA Inc., a wholly owned subsidiary of EuropaCorp, distributes the films in the United States.

The principal credit line was to be repaid after a period of five years, i.e. by October 21, 2019. The secondary credit line was to be repaid after a period of five years and six months, i.e. by April 21, 2020.

As security for these credit lines, EuropaCorp and some of its subsidiaries (Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo) granted first-line and second-line guarantees on all of their assets, and notably the pledge of financed assets, as specified in the Notes to the consolidated financial statements (Appendix 1), to the exclusion of any other guarantee.

In the summer of 2014, the film *Lucy*, directed by Luc Besson, produced by EuropaCorp and distributed worldwide (excluding France, China and Belgium) by Universal, generated almost $463 million in box office receipts worldwide, making it French cinema's biggest international success story.

On December 31, 2014, EuropaCorp, EuropaCorp Films USA Inc., and Vine Investment Advisors LP, acting as an Agent for various investors, entered into a contract entitled Amended and Restated Secured Participation Agreement under which EuropaCorp grants a participation interest of 15% in the revenue generated by the films distributed by EuropaCorp Films USA Inc. with the support of Relativity EuropaCorp Distribution LLC (RED) services in the United States, up to the maximum participation amount of $100 million (see Section 5.7 below for further details).

On May 20, 2015, EuropaCorp announced a five-year extension to its ongoing production agreement with Fundamental Films. Therefore, the leading Chinese company in film production and distribution will continue to distribute EuropaCorp's films on the Chinese market, in addition to co-producing a certain number of future films. This agreement came with the confirmation that Fundamental Films would invest around $50 million in the adaptation of the *Valerian* comics and would be responsible for its distribution in China. The two groups began their partnership in 2012, with an exclusive three-year production agreement, which in recent years has enabled the films *Brick Mansions*, *Lucy*, and *Taken 3* to be launched in China.

Shooting for *Valerian and the City of a Thousand Planets* took place from January to June 2016 at La Cité du Cinéma.

On November 21, 2016, FF Motion Invest Co., Ltd, a wholly owned subsidiary of the Fundamental Films group, subscribed for new shares issued by EuropaCorp SA as part of the reserved capital increase in the amount of €60 million.
The overall aim of this capital increase, carried out with a market premium of some 38.5% compared to the average stock market price over the 20 trading days prior to the protocol being signed, was to increase the Group's equity under conditions favorable to EuropaCorp shareholders, particularly minority shareholders.

This reserved capital increase was the main component of an overall strategy to increase the Group's funding capacity by a total of around €108 million. This operation had three facets:
- a €60 million capital increase;
- sale of the Multiplexes activity (Aéroville multiplex and La Joliette multiplex project in Marseille) to Cinémas Gaumont-Pathé for a total of around €21 million; and
- extension to the subordinate credit facility of around $30 million (around €27 million, see Section 8.2.2 in particular).

In the summer of 2017, the film *Valerian and the City of a Thousand Planets*, directed by Luc Besson, was released in cinemas around the world and generated a total of $226 million in box office receipts worldwide. The film has become the fifth most successful French film abroad (*Lucy*, *Taken 2* and *Taken 3*, also produced by the Group, are in the top three spots in the ranking). *Sources: Box Office Mojo; Unifrance – May 2019*

On April 3, 2018, the Regional directorate for companies, competition, consumption, work and employment (DIRECCTE) approved the safeguard plan presented by EuropaCorp, which provided for the elimination of 22 positions in France as part of the Group's strategic refocusing on its core business activities.

A distribution partnership was signed with Pathé Films for France in December 2018, involving three films per year for a period of three years. This partnership, relating to films produced or co-produced by EuropaCorp, began with Guillaume Canet's *Nous finirons ensemble (Little White Lies 2)* released on May 1, 2019 and Luc Besson's *Anna* released on July 10, 2019. The terms and conditions of this partnership will be decided film by film.

In March 2019, EuropaCorp and Gaumont signed an agreement for the acquisition by Gaumont of the exploitation of films in co-production and films under distribution agreements from EuropaCorp's *Roissy Films* catalog.

In a judgment dated May 13, 2019, the Commercial Court of Bobigny initiated safeguard proceedings in relation to EuropaCorp S.A for an initial period of six months, extended through a ruling on October 29, 2019 for a further six-month period (see Section 18.7 of this Universal Registration Document). The Board of Directors and Senior Management of EuropaCorp believe that the safeguard proceedings will make it possible to negotiate the terms and conditions for an improvement in the Company's financial position through a restructuring of its debt and capital, while maintaining normal business operations.

On February 28, 2020, the Company’s creditors’ committee approved the draft safeguard plan. This draft notably provides for the equitization of all the receivables held by Vine funds ultimately managed or advised by Vine Alternative Investments Group, LLC (Vine) and Falcon Strategic Partners IV, LP (Falcon) against EuropaCorp S.A. The new shares would be subscribed in cash, by offsetting receivables, through (i) a capital increase with removal of the preferential subscription rights of Vine Media Opportunities – Fund III, L.P., Vine Media Opportunities – Fund III-A AIV, L.P. and Falcon Strategic Partners IV L.P. for the gross sum of €77,217,449.88, issue premium included, through the issuance of 20,757,379 new shares, at a price of €3.72, and (ii) a capital increase with removal of the preferential subscription rights of Vine Media Opportunities – Fund III, L.P., Vine Media Opportunities – Fund III-A, L.P., Vine Media Opportunities – Fund III-B, L.P. and Vine Media Opportunities – Fund III-A AIV, L.P. for the gross sum of €115,301,625.13, issue premium included, through the issuance of 60,367,343 new shares at a price of €1.91. A new credit line granted by certain Vine funds is planned under the safeguard plan and more details are given in Section 8.2.2 of this Universal Registration Document.

On July 24, 2020 the Commercial Court of Bobigny approved the Company’s safeguard plan and on July 28, 2020 there were two share capital increases reserved for the funds Vine and Falcon, main creditors of the Company. The share capital increases, without preferential subscription rights for shareholders, amount to a total of €192,519,075.01 including the issue premiums.

### *5.4 Strategy and objectives*

Having strengthened its governance and introduced rigorous pre-financing rules, the Group now plans on continuing its expansion and reinforcing its position among the top tier of European producers and distributors in the following main strategic areas, in line with the management rules established within the Group.

The Group’s strategy is primarily to refocus on its core business: the production of English-language and French-language feature films, the production of English-language television series, and international sales. These are the fundamentals which have made EuropaCorp’s success.

- *Keeping on the development of content more closely aligned with the Group’s historic successes*

Since 2000, EuropaCorp has produced 12 of the top 20 French films with the highest box office revenue abroad, with *Lucy*, *Taken 2* and *Taken 3* in the top three spots. The Group has already started to realign its content strategy with the genres of these historic successes with the release of *Taxi 5* in April 2018, and the July 10, 2019 release in France of Luc Besson's latest film, *Anna*, a spy thriller.

The Group is thus reaffirming its priorities in terms of content:
- Investing in the production of action/science-fiction films with controlled budgets, covered by significant pre-financing, with significant involvement by Luc Besson as the writer, director and/or producer;
- Development of existing and/or new franchises (sequels and/or prequels, as well as adaptations for TV of EuropaCorp's film successes).

- *Focus on the development of English-language TV series with strong international potential*

In the global drama market, demand among broadcasters for new and exclusive content is on the rise, especially for English-language series with an international outlook. Large-scale international co-productions intended for international distribution are currently in development, while the North American market has opened up to European productions.

The acquisition of EuropaCorp Television in 2010 marked a milestone in the Group's plans to expand its television production business. In January 2018, the Group completed the sale of the French television production business in order to focus on the development of English-language series with strong international potential, such as the series *Taken*, co-produced with Universal.

As such, EuropaCorp is currently working on a number of projects.

- *Continuing to develop international business*

Global demand for films and television series has risen in recent years, and sustained growth is expected across all distribution segments for the coming years. Indeed, worldwide box-office revenue should grow annually to exceed $50 billion in 2023, compared to $42.2 billion in 2019, thanks in particular to the strong development of the sector in China. In 2020, Chinese box-office revenue should indeed surpass the United States for the first time, at more than $12 billion. The SVOD market is also growing exponentially; it is expected to reach $69 billion in 2023 (compared to $25 billion in 2017).
*Sources: MPAA Theatrical Market Statistics 2019 – Global Entertainment & Media Outlook 2019-2023 PWC (June 2019) – Digital TV Research Global SVOD Forecasts (2018).*

The Group, with its longstanding expertise in international films and its unique, world-renowned brand, intends to harness the growth of an expanding global market. In this context, EuropaCorp has put in place a priority action plan to boost the international share of its business, underscoring its commitment to developing English-language film productions with an international outlook.

This is especially true in China, which has represented fertile ground for the growing distribution of French and international films over the past few years. EuropaCorp's films have been particularly successful in China: nine out of the ten most successful French films in China since January 1, 2000 were produced by EuropaCorp (*Source: Unifrance – June 2020*).

In addition to the agreements signed in places including the Gulf States, Germany, China, and the Benelux region, securing the international distribution and financing of its films, on March 18, 2013 EuropaCorp set up a new subsidiary, EuropaCorp Films USA Inc., to ensure optimal deployment of its film projects involving North American talent. This structure allows the closest possible positioning of the Group to developments, thus giving it direct and immediate access without any intermediary to the best projects circulating in the United States.

### *5.5 Patents, licenses, trademarks, domain names*

In general terms, EuropaCorp endeavors to take appropriate and reasonable measures in industrial property law in each of the appropriate jurisdictions to protect the rights on its films and the Group's trademarks. Accordingly, the "EuropaCorp" trademark and logo have been registered on behalf of EuropaCorp in France, the European Community and Japan. Moreover, the Group has registered the "La Cité du Cinéma" trademark.

The Group owns a portfolio of over 150 active and inactive domain names related primarily to the films it produces (*Taxi 5, Valerian and the City of a Thousand Planets, Lucy, Transporter*, *Taken*, *Colombiana*, etc.) and to Group companies. For example, the Group registered nine domain names to promote and protect the film *Arthur & the Invisibles* and any of its associated products.

In accordance with professional practices, the scenarios and scripts related to films produced by the Group are registered with the French Society of Authors and Dramatic Composers. For films, the registration of a film in the French Public Register of Cinematography and Audiovisual Works (Registre public de la cinématographie et de l'audiovisuel) is mandatory and must occur prior to the date of issue of release authorization. Furthermore, all acts that modify the chain of rights of a film must be registered in the public registry when the work to which they relate is registered. This is the case especially for agreements pertaining to copyright transfers, co-productions, distribution, exploitation, pledges, delegations of receipts, assignments of rights, and memoranda (unless confidentiality is requested by one of the parties to the agreement). Unless it is registered, the agreement in question is not enforceable against third parties.

When its films are produced, the Company usually does not register trademarks for their titles; its exploitation rights for the films are protected in France by intellectual property rights due simply to the original nature of the creative work and registration of contracts relating to the Public Register of Cinematography and Audiovisual Works. However, in the case of *Arthur & the Invisibles*, the outlook in terms of profit and licenses derived from the film were significant, which justified the establishment of an active policy to protect industrial property rights prior to the film's release. As a result, the trademark for *Arthur et les Minimoys* was registered in France and the trademark for *Arthur & the Invisibles* was registered in France, the European Union and several other countries around the world.

In addition, the Company registered the designs for the film (characters, props, scenery), before the film's release, thus constituting a precedent and a certain date in the event of litigation or plagiarism or piracy by third parties.

### *5.6 Competitive environment*

EuropaCorp is mainly involved in the production and distribution of films. Since late 1999, the company has developed a business model by seeking to manage all stages of the film production and exploitation chain. This control of the production - from project development to post-production - and distribution chain has enabled EuropaCorp to apply its professionalism, creative methods and quality standards during each stage of the film's conception and marketing.

Within EuropaCorp, the artistic and financial management of the film are carried out jointly as soon as the decision is made to go into production. This approach distinguishes EuropaCorp both from traditional independent production companies, forced by their size to rely on larger groups to finance and distribute their films, and large, integrated media groups which are less conducive to the creative process.

The vertical integration of all aspects of the film production and distribution chain has enabled EuropaCorp to increase its share of the receipts generated by the films. In parallel, EuropaCorp has a policy aimed at partially covering its financial risks as executive producer or co-producer through the pre-sale of rights ahead of the theatrical release of its films.

In December 2018, the Group signed a distribution partnership with Pathé Films for France involving three films per year (see Section 7 of this Universal Registration Document).

Moreover, EuropaCorp has developed complementary activities to the production and distribution of feature films, such as music publishing, merchandise, licensing and partnerships.
The Group has diversified into television drama production, notably with the acquisition of Cipango in April 2010, which changed its name to EuropaCorp Television in January 2011.

The business assets related to the French television production activity were sold in January 2018. Because the sale does not involve American television production, the Group will continue to produce and distribute English-language TV series with strong international potential, such as *Taken*.

- *A leading player in Europe*

EuropaCorp is now one of Europe's foremost independent studios. Since its inception, the Group has succeeded in creating a brand that is now widely recognized in the global film industry. As of March 31, 2020, EuropaCorp had 125 films produced and [5]distributed, 168 films distributed, and a significant track record of international successes. The Group is known for its ambitious productions and global positioning. The Group has a proven ability to deliver ambitious projects that bring together leading international talent and technical resources able to maximize the success of its films. For example, 12 EuropaCorp films have featured among the world's 20 highest-grossing French films since January 1, 2000 (*Source: Unifrance – June 2020*). These international blockbusters showcase the Group's talent in producing world-class English-language films that potentially represent increased revenue and profitability.

- *A creative powerhouse backed by an experienced management team*

The Group's creativity, which has been consistent for 20 years, is still a key factor in EuropaCorp's success. EuropaCorp benefits from the artistic talent and solid experience of Luc Besson who, as writer, director or producer, has been behind a slew of hits in the French and global film industry.

While a significant number of the films produced by EuropaCorp are based on ideas and screenplays developed in-house, the Group has a real ability to attract external projects through a variety of channels, which then undergo a rigorous selection process. The Group's reputation also allows it to attract talent for its projects in both France and abroad. EuropaCorp is linked with several young directors whose success and reputation are today recognized (such as Xavier Gens, Louis Leterrier, Pierre Morel and Olivier Megaton). In addition, EuropaCorp regularly attracts leading French and international talent such as Robert De Niro, Tommy Lee Jones, Kevin Spacey, Scarlett Johansson, Forest Whitaker, Kevin Costner, Liam Neeson, Jim Carrey, Morgan Freeman, Michelle Pfeiffer, Helen Mirren and Colin Firth, not to mention Guillaume Canet and Jean Dujardin, who have been involved in many EuropaCorp productions.

- *Unique expertise in the production of English-language content*

Based on its ability to produce films that meet the expectations of different markets (video, television, international), EuropaCorp has succeeded in building a widely recognized brand which is highly

[5] Excluding line productions.

regarded by the industry. Since its inception, EuropaCorp has made a name for itself through its ability to produce films with considerable international potential. Each year it is responsible for a significant percentage of French cinema exports to the rest of the world. International sales structurally represent the Group's primary revenue stream, accounting on average for almost 30% of revenue over the last three financial years. Consequently, strengthening the line-up in terms of English-language films is a key part of EuropaCorp's strategy.

- *A carefully managed film production process*

EuropaCorp routinely adopts a rigorous and disciplined approach to production based on artistic and financial control over each stage of the film-making process. The Group attaches enormous importance to controlling production costs, and has developed real expertise in this area by introducing strict auditing and reporting requirements throughout the film-making process. By controlling the production process, the Group has shown that it is able to produce films on budget.

In terms of financing its productions, EuropaCorp has always adopted a cautious approach, seeking maximum coverage of its financial commitments as producer as early on in the process as possible. As part of this policy, from the film's conception the Group plans its international distribution and the sale of rights to French television channels, estimating the film's economic potential in terms of pre-sales as accurately as possible.

As a general rule, the Group's policy is to launch the film's production only if, based on the expressions of interest or firm commitments received and on its past experience, it believes that a significant part of the film-making cost will be covered on the theater release date mainly by pre-sales (sale of international exploitation rights and television broadcasting rights) and financial contributions such as those made by co-producers. This coverage rate is in the range of 70% to 80%, with some of the Group's latest productions such as *Taxi 5* and *Anna* exceeding 100%.

- *An integrated model*

Since its inception, EuropaCorp has adopted a business model based on a vertically integrated studio in a bid to capture the lion's share of the film revenue. By controlling distribution in France, the Group is able to access revenue from the films produced across all distribution channels (theaters, video, sale of TV rights, VOD, SVOD, etc.) throughout a film's lifecycle. Finally, because of its integrated model, EuropaCorp is able to capture value creation linked to new types of film exploitation (licensing, partnerships, theme parks, etc.) and broadcasting.
To perfect its model, EuropaCorp has decided to invest in movie shooting sets (see Appendix 1, Note 5-3) and, thanks to a capital increase via a contribution in kind, has acquired 100% of Digital Factory's post-production business.

## *5.7 Investment*

### 5.7.1 Major investments made by the Group during the last three financial years and up to the filing date of the Universal Registration Document

The Group's investments consist primarily of its investments in films and television series. The amount of the investments in the production, coproduction and acquisition of feature films and TV dramas totaled, respectively, €(205) thousand, €12,752 thousand, and €90,161 thousand for the financial years ended March 31, 2020, 2019, and 2018.

For more information on the investments made in previous years, please refer to Section 5.1 of the Universal Registration Document.

### 5.7.2 Main Group investments in progress

In the context of the safeguard proceedings opened on May 13, 2019, and the ongoing discussions regarding the restructuring of its debt, the Company has had to postpone the production of films and television series. 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.

As of the filing date of this Universal Registration Document, there was no Group commitment relating to acquisitions.

Over the coming years, the vast majority of the Group's investments, and more specifically those of the Company, will remain concentrated in the production, distribution and co-production of films and television dramas.

### 5.7.3 Information on joint ventures and companies in which the issuer has a shareholding

Not applicable.

### 5.7.4 Environmental issues

EuropaCorp's environmental impacts stem from the office activities of its registered office and subsidiaries, as well as from the shooting of films for which EuropaCorp acts as executive producer.

- *Office activities*

The impacts of office activities are, by nature, very limited. The offices consume energy for lighting, IT equipment and heating, and water (domestic use only).

The La Cité du Cinéma site, which houses the film studios and offices, was decontaminated prior to its rehabilitation.

Moreover, EuropaCorp encourages its employees to use low-carbon vehicles by providing reserved parking spaces for electric cars on the La Cité du Cinéma site.

In addition, the Group has implemented a selective sorting system on all EuropaCorp premises located in La Cité du Cinéma, 20 rue Ampère in Saint-Denis. The initiative can become part of a larger system at any time if the owner of the site offers it to its tenants.

- *Environmental impact of shooting*

For shooting, there are two different situations: the shootings may take place in the La Cité du Cinéma studios or on location.

The shootings taking place on the La Cité du Cinéma site require the building of sets and usually generate a large amount of waste. The waste is removed and sorted by a service provider.
The technical equipment (cameras, lights, etc.), which consumes a large amount of energy, is connected to the mains. Electricity consumption during the shooting largely depends on the film-making constraints. However, these shootings do not require much transportation, as the different sets are all located at the same place. This enables the reduction of the carbon impact due to production team travel between the different recording locations. This was the case in particular for *Valerian and the City of a Thousand Planets, Taxi 5* and *Anna*, shot at La Cité du Cinéma.

When the shooting takes place on location, less waste is generated. Moreover, it is immediately collected and taken to the waste collection center by the film crew. On the other hand, a generator is often used as a power source, whenever connection to the mains is technically impossible. For location shooting, power consumption also depends on the film-making constraints, in particular lighting requirements.

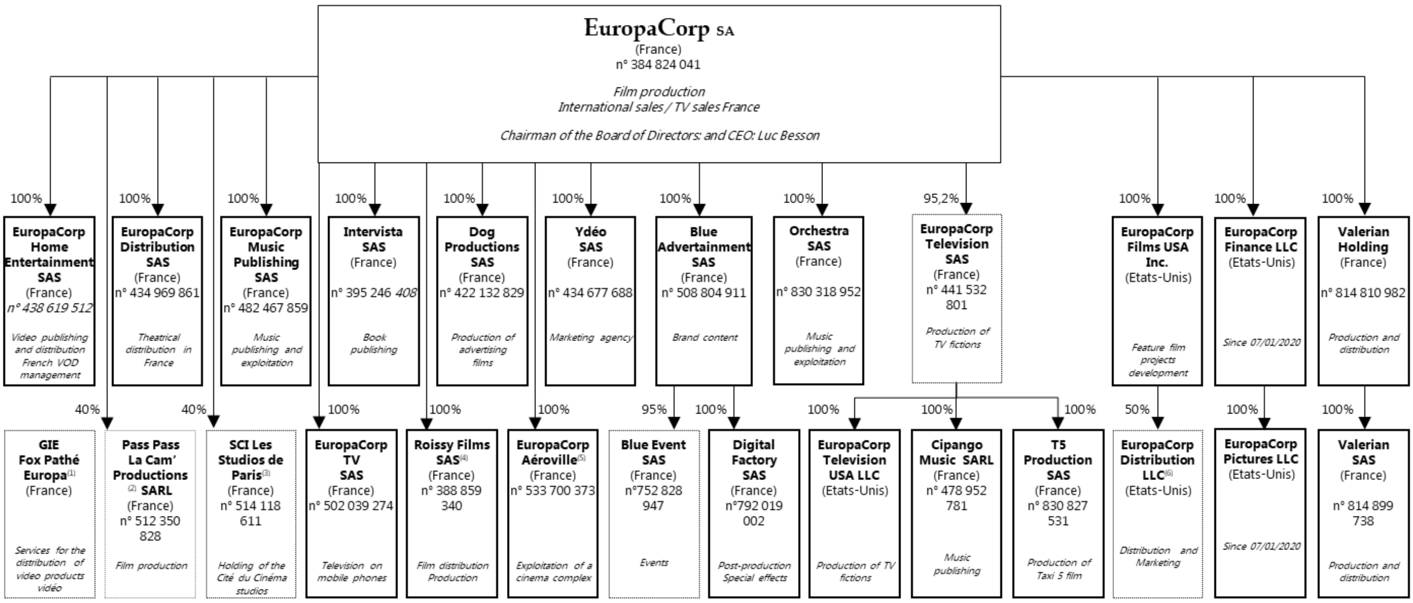
In 2011, the "Ecoprod" co-operative established the audiovisual industry's carbon footprint, from the production of a film to its exploitation in theaters. The results showed that the emissions associated with the production of all cinematographic works in France are very low: around 100,000 tons per year, the equivalent of the carbon footprint of 15,000 French residents.
EuropaCorp's activities thus have no material impact on the air, water or soil and do not give rise to any noise or visual pollution. Likewise, EuropaCorp's activities do not affect the biological balance or natural environment.

- *Raising awareness of environmental protection*

EuropaCorp tackled the issue of raising awareness of environmental protection through two films. *Home*, a film directed by Yann Arthus-Bertrand and co-produced by EuropaCorp, was thus the first to be released simultaneously in 181 countries and on all media (television, DVD, and Internet), on the World Environment Day on June 5, 2009. Again in 2009, EuropaCorp distributed *The Cove* in French theaters. The film is a documentary on the controversial killing of 23,000 dolphins in the bay of Taiji in Japan. Directed by Louie Psihoyos, a former National Geographic photographer, this film won numerous awards including the 2010 Oscar for best documentary.

# 6 ORGANIZATIONAL STRUCTURE

## *6.1 Simplified group structure as of the date on which this Universal Registration Document was filed.*




*(1) EuropaCorp Home Entertainment is a member of the EIG Fox Pathé Europa, in the process of closing as of the filing date of this Universal Registration Document.*
*(2) Other shareholders: Mr. Hicham Tragha (25%), Mr. Adnane Tragha (25%) and Mr. Milos Dupor (10%). The company is being liquidated.*
*(3) Other shareholders: Euro Media France (25.01%), Quinta Communications (25%) and Front Line (9.99%).*
*(4) The entire branch of film exploitation activity for Roissy Films was transferred to CDG, and in turn, the entirety of CDG's shares was sold to Gaumont on March 22, 2019.*
*(5) The EuropaCorp Aéroville business was sold on December 16, 2016 to Pathé Ciné 29.*
*(6) Other shareholder: Relativity Media (50%).*

*NB:*
*- Simplified organization chart, excluding SPV;*
*- The percentage of share capital owned is identical to the percentage of voting rights held.*

### *Description of subsidiaries and equity interests*

**EuropaCorp Home Entertainment**
EuropaCorp Home Entertainment is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 438 619 512). The primary activity of EuropaCorp Home Entertainment is video publishing and distribution. EuropaCorp Home Entertainment was incorporated and became a subsidiary of EuropaCorp on June 15, 2001. EuropaCorp Home Entertainment is 100% owned by EuropaCorp, which is also its Chairman.

**EuropaCorp. Distribution**
EuropaCorp. Distribution ("**EuropaCorp Distribution**" elsewhere in the Universal Registration document) is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and company Register of Bobigny No. 434 969 861). The primary activity of EuropaCorp Distribution is the distribution of films to theaters in France. EuropaCorp Distribution was incorporated and became a subsidiary of EuropaCorp on February 22, 2001. EuropaCorp Distribution is 100% owned by EuropaCorp, which is also its Chairman.

**EuropaCorp Music Publishing**
EuropaCorp Music Publishing is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 482 467 859). The primary activity of EuropaCorp Music Publishing is music publishing and the exploitation of musical works. EuropaCorp Music Publishing was incorporated and became a subsidiary of EuropaCorp on March 31, 2005. EuropaCorp Music Publishing is 100% owned by EuropaCorp, which is also its Chairman.

**Intervista**
Intervista is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 395 246 408). The primary activity of Intervista is book publishing as it relates to the world of film. The company was incorporated in 1994 and became a subsidiary of EuropaCorp on May 28, 2002. Intervista is 100% owned by EuropaCorp, which is also its Chairman.

**Dog Productions**
Dog Productions is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 422 132 829). The primary activity of Dog Productions is the production and distribution of institutional and advertising films. The company was incorporated in 1999 and became a subsidiary of EuropaCorp on May 28, 2002. Dog Productions, which was formerly owned 95% by EuropaCorp and 5% by Bernard Grenet, became a wholly owned subsidiary on March 2, 2006. EuropaCorp is the Chairman of Dog Productions.

**Ydéo**
Ydéo is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 434 677 688). The primary activity of Ydéo is advertising consultancy and advertising space purchasing. Incorporated in 2001, Ydéo became a subsidiary of EuropaCorp on May 16, 2007. Ydéo is 100% owned by EuropaCorp, which is also its Chairman.

**Roissy Films**
Roissy Films is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 388 859 340). The primary activity of Roissy Films, which manages a large catalog of titles, 80 of which have won awards, is the distribution of films. Incorporated in 1992 under the name Bella Vision, it became a subsidiary of EuropaCorp on February 28, 2008. Roissy Films is 100% owned by EuropaCorp, which is also its Chairman. The entire branch of film exploitation activity for Roissy Films was transferred to CDG, and in turn, the entirety of CDG's shares was sold to Gaumont on March 22, 2019.

**EuropaCorp TV**
EuropaCorp TV is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 502 039 274). The primary activity of EuropaCorp TV is the operation of an audiovisual communication service. EuropaCorp TV was incorporated and became a subsidiary of EuropaCorp on January 14, 2008. EuropaCorp TV is 100% owned by EuropaCorp, which is also its Chairman.

**EuropaCorp Television**
EuropaCorp Television is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 441 532 801). The primary activity of EuropaCorp Television is the production of television programs. It was incorporated on April 9, 2002 and became a subsidiary of EuropaCorp on April 15, 2010. It was initially 75% owned, and the remaining 25% was subject to promises to buy and sell no later than July 31, 2014. EuropaCorp Television is 95.2% owned by EuropaCorp, which is also its Chairman. The name of the company, which was originally Cipango, became EuropaCorp Television on January 1, 2011. The business assets related to the French television production activity were sold in January

2018. Because the sale does not involve the American television production, the Group will continue to produce and distribute English-language TV series with strong international potential, such as *Taken*.

**Cipango Music**
Cipango Music is a French single-shareholder limited liability company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 478 952 781). Cipango Music's main business is music publishing. Cipango Music was incorporated and became a subsidiary of EuropaCorp Television on October 11, 2004. Luc Besson is the Manager of the company.

**Les Studios de Paris**
Les Studios de Paris is a French non-commercial company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 514 118 611). EuropaCorp holds a 40% interest in the structure, alongside Euro Media Group (through Euro Media France at 25.01%), Quinta Communications (25%), and Front Line (9.99%). The company is an investor in a group of nine film sets, built at a cost of €30.2 million and with a surface area of between 600 and 2,200 square meters each, located at La Cité du Cinéma. Les Studios de Paris is managed by Quinta Communications.
As EuropaCorp holds a 40% non-controlling share of SCI Les Studios de Paris, the latter is consolidated using the equity method in EuropaCorp's consolidated financial statements.
In the financial year that began on January 1, 2017, it was agreed that all assets belonging to Les Studios de Paris SAS (Trade and Company Register of Bobigny No. 514 118 611) would be sold to the Company in a dissolution-merger transaction. The decision to dissolve and merge Les Studios de Paris SAS was taken on May 17, 2017 and the transaction was concluded on June 30, 2017. The transaction was retroactive to January 1, 2017. Safeguard proceedings have been initiated in respect of this company.

**Pass Pass La Cam' Productions**
Pass Pass La Cam' Productions is a French limited liability company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 512 350 828). It is a production company. EuropaCorp holds a 40% stake in Pass Pass La Cam' Productions. The other shareholders of the company are Mr. Hicham Tragha (25%), Mr. Adnane Tragha (25%), and Mr. Milos Dupor (10%). EuropaCorp is the Manager of Pass Pass La Cam' Productions. As of this date, the company is being liquidated.

**EuropaCorp Aéroville**
EuropaCorp Aéroville is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 533 700 373). EuropaCorp Aéroville's main business is the operation of the EuropaCorp Cinemas movie complex located in the Aéroville shopping mall, near Roissy airport. EuropaCorp Aéroville was incorporated and became a subsidiary of EuropaCorp on July 19, 2011. EuropaCorp Aéroville is 100% owned by EuropaCorp, which is also its Chairman. The EuropaCorp Aéroville business was sold on December 16, 2016 to Pathé Ciné 29.

**Blue Advertainment**
Blue Advertainment is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 508 804 911).
Blue Advertainment's main businesses are the consulting services and operational assistance it provides to businesses and other organizations for corporate communications and image (brand entertainment). It became a subsidiary of EuropaCorp on March 1, 2013, as a result of a contribution in kind during which 100% of the shares of Blue Advertainment were awarded to EuropaCorp. EuropaCorp owns 100% of Blue Advertainment and is its Chairman.
The purpose of this contribution in kind was to combine under EuropaCorp the synergistic activities of the Group, namely the brand entertainment and post-production activities carried out respectively

by Blue Event and Digital Factory, owned 95% and 100% respectively by Blue Advertainment.

- **Blue Event** is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 752 828 947). Blue Event's main purpose is the provision of consultancy and technical services for sound, lighting, editing, structures, and image projection, as well as the production, promotion and organization of events inside or outside La Cité du Cinéma. Blue Advertainment owns 95% of this company and is its Chairman.
- **Digital Factory** is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 792 019 002). Digital Factory's main purpose is audiovisual post-production activities including editing, mixing, and visual effects. Blue Advertainment owns 100% of the company and is its Chairman. Safeguard proceedings were initiated in respect of this company on May 13, 2019. Until 2012 the company operated out of a site in Normandy. In order to be closer to its clients, the company then transferred its activities to La Cité du Cinéma where it remains to this day. The company retained ownership of the site in Normandy which is no longer operational and, as such, generates costs that are not necessary for its operations. Under its safeguard plan, in order to benefit from the necessary cash flow to meet its obligations, Digital Factory is to sell this Normandy site to a company controlled by Luc Besson. The price of this transaction is to be higher than the one arising from the two valuations instigated by Digital Factory and carried out at the request of the court. This operation is part of the Digital Factory safeguard plan as approved by the Bobigny Commercial Court on July 24, 2020. The principle of this operation has already been approved by the Board of Directors of EuropaCorp SA and this specific operation will once again be presented to it in its final form for a decision based on the regulations on regulated agreements.

**EuropaCorp Films USA, Inc.**

EuropaCorp Films USA Inc. is an American company incorporated on March 18, 2013 in accordance with the laws of the State of California, whose registered office is located at 335-345 North Maple Drive, Beverly Hills (California). The company is wholly owned by EuropaCorp; its purpose is to ensure the development of film projects, as the Group wishes to partner up with North American talent (screen writers, actors, etc.). This structure allows the closest possible positioning of the Group to developments, thus giving it direct and immediate access without any intermediary to the best projects circulating in the United States.

**EuropaCorp Television USA, LLC**

EuropaCorp Television USA, LLC is an American company incorporated on September 23, 2015 in accordance with the laws of the State of California, whose registered office is located at 335-345 North Maple Drive, Beverly Hills (California). The company, which develops series projects for America, is wholly owned by EuropaCorp Television. This structure allows the closest possible positioning of the Group to developments, thus giving it direct and immediate access without any intermediary to the best projects circulating in the United States.

**EuropaCorp Distribution LLC (non-consolidated company)**

EuropaCorp Distribution LLC (formerly Relativity EuropaCorp Distribution LLC) is an American company constituted on February 20, 2014 under the laws of the State of California, headquartered at Beverly Hills (California). The company is 50% co-owned by EuropaCorp Films USA and Relativity Media and its purpose is the distribution and marketing of films on the North American continent. This structure allows the closest possible positioning of the Group to developments, thus giving it direct and immediate access without any intermediary to the best projects circulating in the United States. The company is supervised by Luc Besson, Chairman and Chief Executive Officer of EuropaCorp.

**Valerian Holding**

Valerian Holding is a French simplified joint stock company incorporated on November 20, 2015, whose registered office is at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 814 810 982). Valerian Holding is mainly involved in the production and distribution of the film *Valerian and the City of a Thousand Planets*. Valerian Holding is 100% owned by EuropaCorp, which is also its Chairman.

**Valerian**
Valerian is a French simplified joint stock company incorporated on November 25, 2015, whose registered office is at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 814 899 738). Valerian is mainly involved in the production and distribution of the film *Valerian and the City of a Thousand Planets*. Valerian is 100% owned by Valerian Holding, which is also its Chairman.

**Orchestra**
Orchestra is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 830 318 952). The primary activity of Orchestra is music publishing and the exploitation of musical works. It was incorporated and became a subsidiary of EuropaCorp on June 16, 2017. Orchestra is 100% owned by EuropaCorp, which is also its Chairman.

**T5 Production**
T5 Production is a French simplified joint stock company whose registered office is located at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 830 827 531). T5 Production will produce the fifth full-length feature in the Taxi series, *Taxi 5*.

**EuropaCorp Finance, LLC**
EuropaCorp Finance LLC is an American company incorporated on July 1, 2020 under the laws of the State of Delaware, the registered office of which is located at 251, Little Falls Drive in Wilmington (Delaware). The company is wholly owned by EuropaCorp SA and its purpose is the worldwide distribution of films produced by the Group or LBP.

**EuropaCorp Pictures, LLC**
EuropaCorp Pictures LLC is an American company incorporated on July 1, 2020 under the laws of the State of Delaware, the registered office of which is located at 251, Little Falls Drive in Wilmington (Delaware). The company is wholly owned by EuropaCorp Finance LLC and its purpose is the worldwide distribution of films produced by the Group or LBP.

## *6.2 New structure implemented under the safeguard plan*

Following the restructuring, Vine (Fund III) holds a majority stake in EuropaCorp. The strategic refocusing and the independence in terms of production are achieved through a new production model that has been introduced for certain films. In this context, a new production company has been established (hereinafter "LBP"), controlled by Luc Besson, to act as Executive Producer on certain films.
In parallel, in order for EuropaCorp to have the necessary financial resources to launch new films and increase the value of its catalog, new finance has been injected, in the vast majority of cases by the Vine fund (Fund IV), separate from Vine Fund III, current Group shareholders, with the remainder provided by certain members of Vine ("Vine Lenders") through the Borrowing Base (as defined under Section 8.2.2 below) subscribed on July 30, 2020 by the American sub-subsidiary EuropaCorp Pictures LLC.

EuropaCorp Pictures LLC oversees the worldwide distribution of films produced by the Group or by LBP and selected by EuropaCorp. In the latter case the relevant films are subject to a distribution agreement with EuropaCorp Pictures LLC which purchases the exploitation rights jointly with EuropaCorp, and the other transferable rights to films selected by EuropaCorp are transferred to it by LBP. EuropaCorp Pictures LLC pledges the receivables from pre-sale contracts to Vine Lenders against advances. If distribution or co-production contracts have to be signed directly by LBP, for example for distribution in France, the revenue from those contracts is redirected to EuropaCorp Pictures LLC or EuropaCorp depending on the exploitation rights which are sold to one or the other.

The new production model for films to be produced by LBP and selected by EuropaCorp is as follows:

- Should LBP wish to produce a film, it is offered to EuropaCorp which has first refusal.

- Should EuropaCorp choose to distribute it, EuropaCorp has the option of funding the film in full through EuropaCorp Pictures LLC, taking into account tax credits, financial subsidies for production, co-production costs and any other contract signed directly by LBP.

- However, EuropaCorp may call on LBP to sign certain contracts (contracts with French television channels may, for example, be signed by LBP).

- Should EuropaCorp exercise the funding option via EuropaCorp Pictures LLC, the latter supersedes EuropaCorp and temporarily becomes the beneficiary of all exploitation rights to the film. It acquires from LBP the distribution rights for all territories and EuropaCorp may, for its part, through a purchase option, acquire the transferable intellectual property rights and any other residual financial rights to the films produced. EuropaCorp may also acquire rights to certain territories depending on its contractual agreements.

- The EuropaCorp teams offer film distribution services and supply general business-related services. In exchange for the services rendered to EuropaCorp Pictures LLC, EuropaCorp receives remuneration enabling it to exercise the purchase option on the transferable intellectual property rights and all other residual financial rights to the films produced.

- The exploitation rights for all films, with the exception of the most recently produced film, are transferred by EuropaCorp Pictures LLC to EuropaCorp when all production debts have been repaid. The residual film exploitation rights return to EuropaCorp when the credit line is closed.

The amount to be loaned by Vine Lenders to EuropaCorp Pictures LLC is calculated as follows:

- LBP sets a production budget which must be covered by pre-sales, tax credits and production subsidies and any other form of revenue;

- EuropaCorp negotiates with international distributors and French television channels for them to pre-purchase the film so as to ensure, through minimum guarantees, the proportion of funding to be covered by pre-sales as set out above;

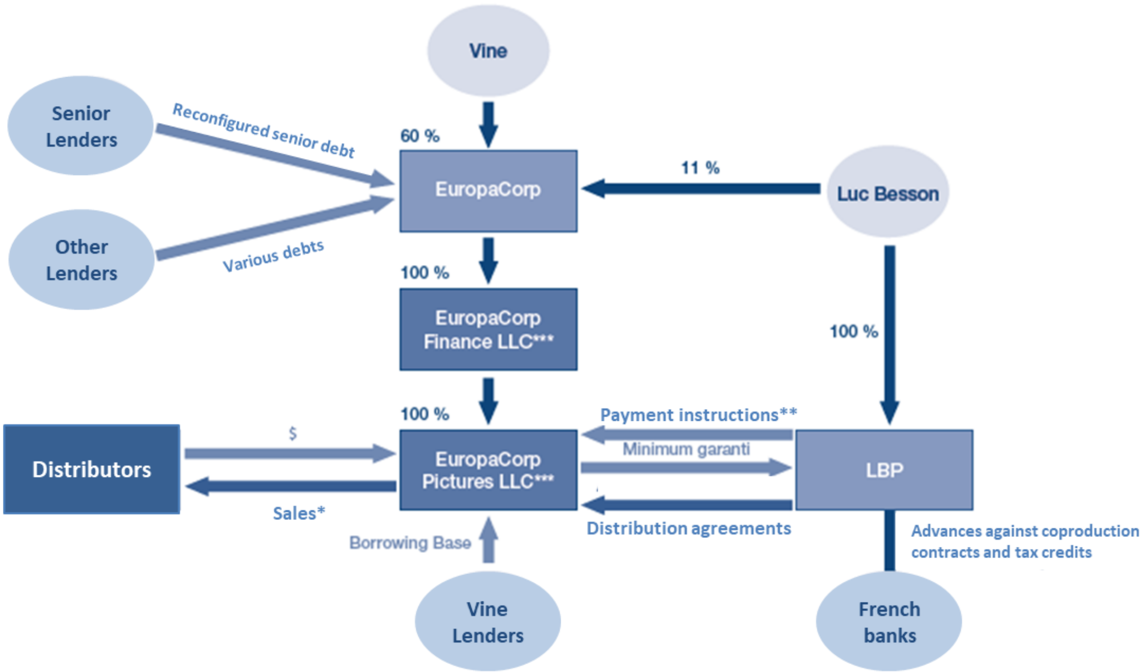
- Since the bulk of the minimum guarantee amounts are paid only once the film is delivered, EuropaCorp Pictures LLC uses the Borrowing Base to get advances against the receivables and tax credits so as to fund the film.

The revenue from the first life of the film (receipts in theaters in France, minimum guarantee amounts worldwide, videos and VOD, first TV broadcast) provide EuropaCorp Pictures LLC with the means to gradually repay Vine Lenders.

After repaying the production debt, all transferable rights to the various films produced by LBP and selected by EuropaCorp return to EuropaCorp and its subsidiaries.

Thus, in exchange for funding the production, EuropaCorp will hold all rights to the films it produces as well as all transferable rights to the films produced by LBP that it selects.

Description of the new production model:




* All the sales discounted by Vine Lenders, including pre-sales to French TV channels
** Coproduction contracts might be discounted by Vine Lenders
*** Shares pledge with mechanism of EuropaCorp Pictures LLC's preferred shares

# 7 REVIEW OF THE FINANCIAL SITUATION AND RESULTS

The comments below should be read with regard to the consolidated financial statements and the notes thereto and the financial information presented in the other sections of this Universal Registration Document. The consolidated financial statements for the financial years ended March 31, 2018, 2019 and 2020 were prepared according to IFRS. The comments below include forward-looking information. These were based on assumptions considered reasonable, but are nevertheless subject to significant risks and uncertainties that may result in events or conditions that differ significantly from those set out below. Please refer to Section 3 of the Universal Registration Document for more detailed information on the uncertainties, risks, and assumptions relating to forward-looking information. All amounts are expressed in thousands of euros.

## *7.1 Financial position*

### 7.1.1 Overview and development

EuropaCorp is mainly involved in the production and distribution of films. Since late 1999, the Group has developed a business model based on seeking to manage all stages of the film production - from project development to post-production - and exploitation chain of its films.

At March 31, 2020, the Group had produced or co-produced a running total of 126 films distributed in theaters.[7] The following table shows the changes in consolidated revenue, consolidated cost of sales, and consolidated profit (loss) prepared according to IFRS during the last three financial years, and the number of films produced, co-produced, and released in theaters for each financial year:

| *(In thousands of euros)* | **Financial year ended March 31[6]** | | |
|---|---|---|---|
| | **2020** | **2019** | **2018** |
| Revenue | 69,767 | 149,982 | 226,526 |
| Cost of sales | (48,322) | (121,623) | (246,802) |
| Net income - Group share | (95,049) | (109,908) | (82,826) |
| Number of films produced and co-produced released in theaters during the financial year[7] | 3 | 3 | 7 |

The films produced and distributed by EuropaCorp were targeted for both the French market and the international market. Since the launch of the cinematographic business in 1999 through September 30, 2019, the Group has overseen the production of 91 films released in theaters in France, as an executive producer or co-executive producer.

As of the 2019/2020 financial year, following the distribution partnership signed with Pathé Films in December 2018 for France, films produced or coproduced by EuropaCorp are distributed in movie theaters and video markets by Pathé (three films per year).

International distribution is handled by local distributors located in various countries. Each distributor is granted the exploitation rights of one or more of Group's films through all distribution channels for the relevant local market, subject to some exceptions in certain countries.

In 2010, the Group began its diversification into the production of TV programs with the acquisition of Cipango (now EuropaCorp Television) in January 2011. The business assets related to the French television production activity were sold in January 2018. Because the sale does not involve American television production, the Group can continue to produce and distribute English-language TV series

[6] Presented without IFRS 5 restatement (see Note 1 for an IFRS 5 presentation on the financial year ended March 31, 2019).
[7] Excluding line productions.

with strong international potential, such as *Taken*.

In addition, in February 2013, through a capital increase by a contribution in kind, the Group acquired 100% of the shares that comprise the share capital of Blue Advertainment (Brand content) and Digital Factory (Post-production) and 95% of the shares of Blue Event (Events).

The table below shows the distribution of Group consolidated revenue by distribution channel for the 2017/2018, 2018/2019 and 2019/2020 financial years, prepared according to IFRS:

| *(In thousands of euros)* | **Financial year ended March 31[8]** | | | | | |
|---|---|---|---|---|---|---|
| | **2020** | **%** | **2019** | **%** | **2018** | **%** |
| International sales | 14,752 | *21.1%* | 51,946 | *34.6%* | 76,713 | *33.9%* |
| Theatrical distribution | 8,715 | *12.5%* | 6,798 | *4.5%* | 39,596 | *17.5%* |
| Video & VOD | 4,917 | *7.0%* | 14,110 | *9.4%* | 33,227 | *14.7%* |
| Television & SVOD | 27,274 | *39.1%* | 32,191 | *21.5%* | 40,935 | *18.1%* |
| TV series | 6,025 | *8.6%* | 24,364 | *16.2%* | 24,594 | *10.9%* |
| Subsidies | 1,117 | *1.6%* | 3,057 | *2.0%* | 4,377 | *1.9%* |
| Other activities | 6,967 | *10.0%* | 17,516 | *11.7%* | 7,086 | *3.1%* |
| **Revenue** | **69,767** | ***100%*** | **149,982** | ***100%*** | **226,526** | ***100%*** |

### 7.1.2 Future development forecasts and research and development activities

For a number of years, the Company has been implementing a policy of refocusing on its core business, i.e. the production and coproduction of action and/or science-fiction feature films.

Moreover, the Company no longer wishes to assume the risk of distributing its films in the United States and wishes to return to third-party distribution agreements as in the past.

In light of its businesses, the Group has no inherent research and development activities.

## *7.2 Operating income*

The main factors that have had and, in some cases, could continue to have an impact on consolidated results, are presented below.

### 7.2.1 Sources of Group revenue

- *General*

The Group's revenue mainly comes from the exploitation of its films in France and the United States on various distribution channels, which usually starts with releases in theaters, as well as from the sale of international distribution rights. Production and distribution activity for television programs, co-production receipts, licensing and partnership agreements, music publishing, events and post-production activities are sources of additional revenues.
In the 2019/2020 financial year, EuropaCorp released two films in French theaters (through its distribution partnership with Pathé): one was produced by the Group in its capacity as executive producer (*Anna*) and one as financial co-producer (*Nous finirons ensemble (Little White Lies* 2)).
When the Group acts as executive producer and distributor, it receives all receipts from the film and pays the beneficiaries (co-producers and talent) the share that they are owed, net of distribution

[8] Presentation without IFRS 5 restatement (see Note 1 for an IFRS 5 presentation).

commissions, any "minimum guarantee", and distribution and marketing expenses. With regard to the films for which it acts as a financial co-producer, the Group seeks generally to guarantee distribution in theaters and in video format. It can also handle the sale of international distribution rights. Lastly, for some French or foreign films, such as *The Nice Guys*, released in French theaters in May 2016, or *Big Game*, released in the United States in June 2015, the Group is only involved in distribution on certain channels.

- *International sales*

The international distribution of the films is handled by local partner distributors. During the financial year ended March 31, 2020, the sale of international distribution rights represented 21.1% of total revenue.
Generally, a "multi-rights" agreement is signed with each local distributor, under the terms of which it has the option to exploit one or more of the Group's films through all distribution channels available in its market, with a few exceptions in some countries. In return, the Group receives a non-repayable advance known as the "minimum guarantee", calculated on the film's estimated receipts before its theatrical release. The amount of this advance depends on the film's budget and the size of the relevant market – the larger the budget or market, the higher the minimum guarantee, although this may be capped under the contract. Other forms of remuneration may be envisaged, depending on agreements signed with local distributors on a case-by-case basis.

Any additional receipts earned by the distributor for the exploitation of a film in the various distribution channels in its territory (once the distribution fee, minimum guarantee and distribution expenses have been reimbursed) are divided in accordance with the agreement between the local distributor and EuropaCorp. The amount and type of distribution and marketing expenses can be set by the local distributor, or decided by mutual agreement between the distributor and the Group. These are specified in a "multi-rights" agreement.

The Group has historically maintained close, but not exclusive, relationships with several local distributors. However, for several years EuropaCorp has had a policy of targeted output deals, aimed at securing the pre-financing of its upcoming productions by signing framework agreements in certain territories with a local distributor.

Generally, revenue from the sale of international distribution rights is exposed to fluctuations in exchange rates that may have a negative impact on the result and the Group's operational cash flows.

- *Theatrical distribution*

Since December 2018, the Group has granted the distribution of films produced or coproduced by EuropaCorp to Pathé Films. This partnership pertains to France and involves three films per year for a three-year period. It began with Guillaume Canet's *Nous finirons ensemble (Little White Lies 2)* released in May 2019, and Luc Besson's *Anna* released in July 2019. The terms and conditions of this partnership will be decided film by film.

- *Video and VOD*

Video media are distributed in France through the Fox Pathé Europa EIG, and through Lionsgate in the United States. The Group supplies the video master and decides on the release date and strategy, while the EIG or Lionsgate handles marketing and logistics. To accompany the release of new titles on video, tailored marketing programs are developed in collaboration with the EIG or Lionsgate. Billing and collection are the responsibility of the EIG or Lionsgate, depending on the territory concerned.
The distribution partnership signed with Pathé Films in December 2018 also includes video

exploitation which is no longer the responsibility of the Fox Pathé Europa EIG which is currently being liquidated.

- *TV and SVOD*

Films are sold directly to television channels in France and the United States under broadcasting agreements signed for each film individually, for broadcast on the pay and unencrypted television channels for specific broadcast windows.

- *TV series production*

Revenue generated by the TV series business derives mainly from the sale of the rights to TV programs produced or co-produced by EuropaCorp Television. These rights are primarily intended to be pre-sold to the local broadcasters with whom the project was developed.

At the end of the first exploitation period, other sales can be made by the producer or an agent and may potentially result in video distribution. English-language series can be sold in different regions, either by the Group or by a designated representative.

- *Events*

The Events business corresponds to events organized by the company Blue Event, outside or within La Cité du Cinéma. Following the reduction in leased areas under the agreement with La Nef Lumière, subject to the approval of the safeguard plan, EuropaCorp will no longer have exclusive use of the central hall, which will be returned to La Nef Lumière.

- *Other sources of revenue*

Other sources of revenue are comprised mainly of revenues from receipts from films co-produced by the Group, licensing and partnership agreements, subsidies funds, music publishing, brand content, and post-production. This income is generated in France and abroad, with the exception of subsidies funds, brand content, and events, which affect France only.

- *Catalog*

As a general rule, the economic life of a film is divided into cycles that correspond to the exploitation period of a film across all distribution channels. The first exploitation cycle is the most important because it corresponds to the period during which most of the revenue is earned and the most costs are incurred and recorded as expenses. From an accounting point of view, the first exploitation cycle usually ends at the end of the window for the third showing of a film on an unencrypted television channel, which corresponds to a period of five to ten years from the release date in theaters.

After this first exploitation cycle, when production costs have been fully depreciated, the film continues to be exploited in the catalog.
Receipts from catalog films are broken down by type of receipts and consist primarily of sales of television broadcasting rights for France, international sales in the event of a resale of rights in a territory when the initial contract with the local distributor expires, and video and VOD sales.

### 7.2.2 Sources of Group expenditures

The main expenses of the Group are linked to its position, either as executive producer of a film or as financial co-producer of a film, and ultimately cover its own operating expenses.

- *Executive producer expenditures*

As an executive producer, the Group mainly incurs expenses related to the development and production of films, the distribution and marketing of its productions, and the remuneration of rights holders (co-producers and talent, including the author, director and actors).

- *Development expenditures (preliminary costs)*

Development expenditures correspond in particular to purchases of film rights for books and original scripts, as well as costs incurred to adapt them to the screen. They also include remuneration paid to people used to write scripts on the basis of creative ideas generated internally. Their amount depends on the size and nature of the project.

- *Production and coproduction expenditures*

Expenses incurred for the production of films include all costs necessary for the production of a cinematographic work, i.e. shooting costs, remuneration of actors, technicians and other professionals, rental of studios, soundtrack and editing, post-production costs, and all other direct costs. The largest item is generally the remuneration of actors, technicians, and other professionals, and related social security contributions. Costs actually incurred are monitored by the Group over the entire period of production. When the Group acts as an executive producer or co-executive producer, it is responsible for the production and completion of the film, as well as its financing. Consequently, if production costs are over budget, the excess amount is paid by the Group unless a co-producer decides to finance its share.

With regard to beneficiaries, the Group pays the talent involved in the film, such as authors, producers, directors, actors, and other persons involved in the production of the film. This remuneration may be fixed or variable, and it is based on the net receipts generated by the film or other parameters such as box office in France, sales of video media and the sale of international distribution rights. In some cases, it may be a substantial amount.

In some cases, the Group operates as the financial co-producer for a film, investing a set amount with a producer that is intended to finance part of the cost of production. This investment constitutes the full commitment of the Group for the film as a co-producer, except in cases where the decision is made to participate in the financing of any cost overruns. However, when the Group also participates not only as a co-producer but as distributor under a distribution agreement for a film, it assumes the distribution and marketing costs related to that agreement.

Given recent restructuring operations, there was practically no investment in the financial year ended March 31, 2020. As such, the development and production expenditures of films and audiovisual programs produced (finished or unfinished), co-produced (or being co-produced) or acquired by the Group amounted to €0.2 million in the 2019/2020 financial year, €12.8 million in 2018/2019, and €90.2 million in 2017/2018.

Plus or minus third parties expenses, the expenditures mentioned above are usually capitalized in the Group's intangible assets. These assets are subsequently subject to amortization following the rules and accounting principles presented below (see Section 7.3).

- *Distribution and marketing expenditures*

Distribution and marketing expenditures for films correspond mainly to technical costs, promotion costs, and advertising costs. Technical costs include the cost of duplication and copying of films to the format suitable for their projection in theaters and video format publishing costs. Technical costs depend mainly on the number of theaters where the film will be screened. Significant marketing and advertising budgets will be set aside for a film's release, particularly in the United States. They most often cover national and targeted media campaigns, as well as the promotion of the film by the actors. In addition, significant advertising costs are incurred to ensure the promotion of the film during its distribution through other channels, such as the video market.

Distribution and marketing costs vary depending on the strategy chosen to accompany the film's release in theaters and on other distribution channels. Following a co-distribution agreement with Pathé Films, the technical and marketing costs related to the exploitation of films in France are no longer paid by the Group. Technical and marketing expenses related to exploitation in foreign countries are usually borne directly by local distributors.

- *Operating expenditures*

Group operating expenditures, which are primarily overheads, include the salaries and social security contributions of permanent staff, rents for the offices occupied by the Group, professional fees, taxes, and other general and administrative expenses for the Group.

The rent paid by EuropaCorp to its landlord, represents a considerable expense of around €2.2 million a year, versus around €9.3 million in the initial lease (excluding rebilling to sub-tenants). It is for this reason that EuropaCorp negotiated with its landlord to reduce the rented area and consequently the amount of rent (see Section 3.2.6 of this Universal Registration Document).

## *7.3 Main accounting principles*

The preparation of financial statements requires assessments on the part of the Group management and the use of assumptions and estimates that affect the amounts in the consolidated financial statements and the notes thereto. These assessments, estimates, and assumptions are based on historical data, economic conditions, and the economic situation in the film industry, as well as on various other factors considered reasonable in light of the context. The estimates are reviewed at half-year and year-end closing dates. Actual results may differ from these estimates if other assumptions or conditions are to apply.

### 7.3.1 Revenue recognition

- *International sales*

Most "multiple rights" contracts allow the commercial exploitation of a film or TV drama in a specific region through multiple distribution channels, including theaters, the video market, television and, in certain cases, VOD.

Revenues from these right assignment contracts are royalties and are recognized upon physical delivery to the local distributor of the items covered under the contract for the relevant film(s) (or TV series), when exploitation rights for the local distributor are accounted for.

If the one contract with a foreign distributor provides for different deliveries with corresponding benefits and revenues which are measurable (in general, a guaranteed minimum), discrete, separable and vested on EuropaCorp at the time of the deliveries, the proceeds of each delivery are recognized when the following deliveries are made and accepted by the foreign distributor.
In addition, any payable amount in excess of the minimum guarantee is posted under revenue only when finally acquired, i.e. when the amount has been confirmed by the local distributor.

Any contract entered into before delivery entails the recognition of "Deferred income" under liabilities in the statement of financial position (if income has been billed and the corresponding amount due is payable), or under "Off-Statement of financial position commitments received" (if no invoice has been issued or the amount is not due yet), until delivery.

- *Distribution in theaters*

Revenues from the films distribution to theaters in France are recognized when sold to the ticket offices, based on a weekly report submitted by each theater stating revenues for the previous week. Generally, the corresponding revenues are collected during the quarter following the film's release.

- *Video & VOD distribution*

Proceeds from the exploitation of video rights are accounted for based on monthly sales. At the end of the financial year, a provision is created for estimated returns and rebates granted contractually to clients (notably for large quantities). This provision is deducted from the financial year's revenue. Videos are distributed by the Fox Pathé Europa EIG created in conjunction with 20th Century Fox Home Entertainment SA and Pathé Video SA. The Group receives a bill issued by the Fox Pathé Europa EIG at the end of each month, which is paid in 60 days.

Revenues from VOD and pay-per-view film offers are recognized upon receipt of the reports prepared by the operators, generally on a monthly basis. In general, this revenue is equally shared between the Group and the operator. The former, however, receives a minimum amount per view.

- *Television broadcasting rights sales in France*

In accordance with IFRS, revenue from the sale of French TV broadcasting rights to pay and free-to-air French channels are recognized in their entirety after signature of the sale agreements, after acceptance of the broadcasting material and from the time the broadcasting window opens.

- *Subsidies funding*

The Group receives subsidies funds from the French National Center for Cinema (Centre national du cinéma et de l'image animée - CNC) for the exploitation of the films classified as European works that receive production approval from the CNC. This funding is then used to finance the production of films satisfying the conditions laid down by the CNC. The revenue is recognized for each share corresponding to the stage of the exploitation of the film, which includes distribution in theaters, the sale of television broadcasting rights, and the video market. The subsidies funding received by EuropaCorp Distribution and EuropaCorp Home Entertainment for their distribution and video editing activities is thus recognized in revenue as the receipts from the activities are recorded. The claim against the CNC is listed in the balance sheet under the category "Other receivables". The subsidies funding is not deposited by the Group until it is invested in the production of new films that meet the conditions set by the CNC. Funds not re-invested within a period of five years are prescribed and recognized in the income statement as other operating expenses. The subsidy funds generated and other similar subsidies amounted to €1,117 thousand and €3,057 thousand respectively for the financial years ended March 31, 2020 and 2019, or 1.6% and 2.0% respectively of total revenue for these financial years.

- *Licensing and partnerships*

Income from licenses and partnership agreements is recognized in accordance with the contractual provisions. Any royalties received above the guaranteed minimums are accounted for under income upon issuance of the invoice, i.e. upon receipt of the report prepared by the licensee.

- *Music publishing*

Income from the sale of soundtrack CDs comprises the guaranteed minimums of licensed distributors and any royalties. It is reported in accordance with contractual provisions. Any royalties received above the guaranteed minimums are accounted for under income upon issuance of the invoice, i.e. upon receipt of the report prepared by the licensee.

Income from international music publishing agreements is recognized at the date royalties are billed. Income from publishing in France is collected by third parties, which send sales report to the Group. The corresponding income is reported when the Group issues the invoice for the amount payable by the third parties.

- *Line production*

Revenues received by EuropaCorp for its services as line producer are recognized based on the progress of each production at the closing date.
Until all of the conditions for recognition described above have been met, revenue is recognized in deferred income, under the line items "Other non-current liabilities" and "Other current liabilities" in the consolidated financial statement.

- *Events*

The main component of the revenues of this business is service provision fees under contracts whose benefits are recognized in revenue upon realization.

#### 7.3.2 Preliminary expenses

Preliminary expenses recognized under intangible assets in compliance with IAS 38 are essentially the fees paid to acquire existing film rights (option agreements) and adaptation costs in view of securing a script that the Group intends to produce in the mid-term. They are reported separately and reviewed project by project at each period closing. 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.

#### 7.3.3 Amortization of film production costs and write-downs of work in progress

Film production costs are recorded in the statement of financial position as intangible assets, with the understanding that, where applicable, the variable portion of the remuneration of talent and other beneficiaries is recorded as operating expenses for the cost of sales after release, on the basis of the exploitation of the film. Depreciation of a finished film or television drama starts with the recording of the first revenue associated with its exploitation once the exploitation rights are open. Yearly amortization is posted in the statement of financial position under "cost of sales".

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. Total net revenues include i) net revenues acquired over the period, notably including income and distribution expenses for films on territory of the United States, and ii) projected net revenues over a period of 12 years maximum from the premiere date.
As explained in the same section of the previous Registration document, the time frame used for estimating future revenue is not fixed and may be reviewed if future income from international exploitation or TV France is considered significant and spread over a longer period. To date, given i)

past sales of TV rights in France, and ii) the practices of the main competitors of the Group, the use of a maximum period of 12 years to determine projected net revenue appears justified and in line with industry practice. The Senior Management regularly reviews and adjusts the expected net revenue, if required, taking into account the performance of film exploitation, of new or expected agreements and the evolution of the audiovisual market at the closing date of the accounts.

If net amortization of the investment as calculated with this method is higher than the net income forecast, additional exceptional depreciation is recorded to cover the shortfall.

Insofar as a significant portion of net revenue from international films is currently generated at the start of exploitation (in particularly thanks to international pre-sales), in general the amortization expense accounts for over half of their gross value in the year they were first exploited. In addition, as generally international films are more expensive, they also generate higher amortization expenses. The review of expected future net revenues may lead to significant fluctuations in the amortization rate applied to the remainder of the production costs to be amortized.

Likewise, an impairment provision may be recorded for ongoing productions at the end of the period, if the initial budget is exceeded by a significant amount. A provision is also created for films exploited between the closing date of the accounts and their approval, if the estimated value of future revenues is lower than the amount invested. The value of depreciation provisions is reviewed at each period end.

### 7.3.4 Distribution and marketing expenses

Distribution and marketing expenses for films correspond mainly to technical costs, promotion costs, and advertising costs and are recorded as expenses under "Cost of sales" in the financial statements. Technical costs and marketing costs are usually adjustable to 45 days and are not capitalized.

### 7.3.5 Structure costs

When the Group operates as an executive producer, the share of overheads related to the production of the film is budgeted during the negotiations with the co-producers and activated as part of the cost of production of the film and is subject to the same rules of amortization (see Section 7.3.3 "Amortization of film production costs and write-downs of work in progress").

### 7.3.6 Deferred income

Deferred income corresponds to sales billed but not yet recorded as revenue for the financial year. As a general rule, contracts for the sale of the television broadcasting rights for the period of exclusivity are signed prior to the launch of the shooting, while the price is paid by the broadcaster upon the delivery of the film, which usually occurs during the six months that follows the release of the film in theaters. Television broadcasting periods start 12 to 24 months after the release of the film in theaters. The amounts due and charged by the Group in respect of the sale of television broadcasting rights are recorded on the liabilities side of the balance sheet under "Deferred income" until the beginning of the television broadcasting period, when they are included in their entirety in the profit and loss statement as revenue.

The revenues due and charged by the Group for the sale of international distribution rights are recorded on the liabilities side of the balance sheet under "Deferred income" until the date of delivery of the film in question to the local distributor.

At March 31, 2020 and 2019, the deferred income for the sale of television broadcasting rights totaled €12,302 thousand and €19,750 thousand respectively, and those relating to the sale of international distribution rights represented €3,097 thousand and €4,143 thousand respectively.

### 7.3.7 Off-statement of financial position commitments

Off-statement of financial position commitments received primarily comprise sales agreements for television broadcasting and international distribution rights which have been signed but not yet invoiced, or for which no receivable is due until the delivery concerned takes place. As a general rule, these contracts are entered into before or during the period of production of the film.

The off-balance sheet commitments given relate in particular to the profit-sharing agreement with Vine and Falcon for $45 million (€41.3 million), with zero contributions to be made by the Group to film projects, particularly in co-production as of September 30, 2019.
This sum of $45 million corresponds to the amount of the profit-sharing agreement not paid in cash to Vine and Falcon.

Since May 13, 2019 EuropaCorp has been subject to a safeguard procedure. Under this safeguard procedure the Company has had numerous discussions with its creditors. In the specific case of Vine and Falcon, an agreement letter was exchanged with EuropaCorp on October 3, 2019. This conditional agreement letter set out the key components of an agreement in principle to apply, in particular, when valuing equity interests and their capitalization.

On the basis of these discussions in particular, a formal proposal was made in the form of the official presentation by EuropaCorp of its draft safeguard plan to all its creditors including Vine and Falcon. This presentation was made on February 12, 2020 by sending the proposed plan to EuropaCorp's creditors ahead of a vote by the creditors on February 28, 2020. In particular this plan contains a provision for the cessation of the direct distribution of EuropaCorp films in the United States and, as such, subject to approval by Vine and Falcon, underlines the fact that the balance of the profit-sharing agreement is due.

The Vine and Falcon agreement took effect with a vote in favor of the adoption of the plan on February 28, 2020. As of this date, the criteria for recognizing a liability are therefore met and this commitment must be recognized as an off-balance sheet commitment.

As such, this off-balance sheet commitment has been recognized as a EuropaCorp SA debt to Vine and Falcon through an operational expense of $45 million which affects the financial statements for the year ended March 31, 2020 so as to allow it to be paid up through equitization.

Under IFRIC 19, an impact may be recognized as profit/(loss) following a capital increase by offsetting a receivable. It is to be calculated based on the fair value of equity instruments.

### *7.4 Changes in consolidated results*

**Comparison of the financial years ended on March 31, 2019[9] and March 31, 2020**

The table below shows a comparison of the major items in the audited consolidated profit and loss statement for the 2018/2019 and 2019/2020 financial years:

| (amounts in thousands of euros, except for the number and data per share) | Financial year ended March 31 2020 | Financial year ended March 31 2019 |
|---|---|---|
| Revenue | 69,767 | 149,982 |
| **Operating income** | **69,767** | **149,982** |
| Cost of sales | (48,322) | (121,623) |
| **Operating margin** | **21,444** | **28,359** |
| Overheads | (16,219) | (29,797) |
| Other operating income and expense | (64,334) | (77,548) |
| **Operating profit (loss)** | **(59,109)** | **(78,986)** |
| Income from financial investments / (Cost of financial debt) | (18,465) | (16,444) |
| Other financial income and expenses | (8,114) | (12,431) |
| **Financial income** | **(26,580)** | **(28,876)** |
| **Income from recurring operations before taxes** | **(85,688)** | **(107,861)** |
| Income tax | (8,535) | (1,190) |
| Share of net income of associates | (827) | (821) |
| **Net income** | **(95,051)** | **(109,873)** |
| Including: Net Income – Minority share | (2) | 36 |
| Net income - Group share | (95,049) | (109,908) |

At March 31, 2020, earnings before interest and taxes (EBIT) included €31,681 thousand in amortization expenses versus €85,780 thousand at March 31, 2019. As such, at March 31, 2020, earnings before interest, taxes, depreciation and amortization (EBITDA) totaled €(27,428) thousand versus €6,794 thousand at March 31, 2019.

The table below shows the breakdown of consolidated Group revenue by distribution channel for the 2018/2019 and 2019/2020 financial years, prepared according to IFRS:

| *(In thousands of euros)* | **Financial year ended March 31, 2020** | % | **Financial year ended March 31, 2019** | % |
|---|---|---|---|---|
| International sales | 14,752 | *21.1%* | 51,946 | *34.60%* |
| Theatrical distribution | 8,715 | *12.5%* | 6,798 | *4.50%* |
| Video & VOD | 4,917 | *7.0%* | 14,110 | *9.40%* |
| Television & SVOD | 27,274 | *39.1%* | 32,191 | *21.50%* |
| TV series | 6,025 | *8.6%* | 24,364 | *16.20%* |
| Subsidies | 1,117 | *1.6%* | 3,057 | *2.00%* |
| Other activities | 6,967 | *10.0%* | 17,516 | *11.70%* |
| **Revenue** | **69,767** | ***100%*** | **149,982** | ***100%*** |

- *Revenue*

[9] Presentation without IFRS 5 restatement (see Note 1 for an IFRS 5 presentation).

The EuropaCorp Group's consolidated financial statements for the first half of the 2019/2020 financial year, prepared in accordance with IFRS, show consolidated revenue of €69.8 million compared to €150.0 million for the previous year, a 53% decrease. It mainly comprises the exploitation of the catalog since the Company has postponed the production of new films owing to the restructuring.

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.

- *Cost of sales*

The other costs of sales are mostly attributable to the operating costs of the other entities of the Group. The cost of sales stood at €48,322 thousand for the 2019/2020 financial year, compared to €121,623 thousand in 2018/2019. The amount of amortization and write-downs for lack of receipts in the 2019/2020 financial year was €31,681 thousand, compared to €85,780 thousand in the previous year. The distribution and marketing costs totaled €6,132 thousand for the financial year ended March 31, 2020, compared to €5,685 thousand in 2018/2019. The payments to third parties are down and represented €9,893 thousand during the 2019/2020 financial year, compared to €25,885 thousand in the previous year. The other costs of sales are mostly attributable to the operating costs of the other entities of the Group.

- *Operating margin*

The consolidated operating margin totaled €21,444 thousand versus €28,359 thousand in the previous financial year, i.e. a decrease of €6,915 thousand owing to reduced revenue. The operating margin increased from 19% to 31% due to the high proportion of catalog revenue in the overall revenue of the financial year.

- *Overheads*

The general and administrative expenses amounted to €16,219 thousand compared to €29,797 thousand the previous financial year, a decrease of €13,577 million or 46%. This development confirms the effectiveness of the measures introduced by the Group to reduce its general and administrative expenses which have decreased by a total of €36,673 thousand over the last three financial years.

- *Other operating income and expense*

The other operating income and expenses totaled €(64,334) thousand and include non-recurring expenses for the same amount, of which €(60,316) thousand with no cash impact, in particular the recognition in debt of the Participation Deal (initially in off-balance sheet commitments) for an amount of €(40,995) thousand, the recognition criteria for a debt being met on February 28, 2020.

- *Operating profit (loss)*

After taking into account the above items, the operating loss for the 2019/2020 financial year totaled €(59,109) thousand, compared to a loss of €(78,986) thousand for the previous year.

"Cash" items of operating profit that generate cash flows include mainly sales, distribution and marketing costs and overheads, while the main item with no cash impact consists of the amortization charge for production costs and asset write-downs.

- *Financial income*

Financial income totaled €(26,580) thousand versus €(28,876) thousand in the previous financial year.

This primarily reflects the financial interests incurred over the period, notably on the secondary line of credit to the tune of €(15,800) thousand (entirely capitalized), as well as unrealized foreign exchange losses of €(3,900) thousand and rent expenses reclassified as financial interests under IFRS 16 to the tune of €(2,500).

- *Consolidated net income*

The net income was €(95,051) thousand for the financial year ending March 31, 2020 compared to €(109,873) thousand for the previous year.
The net income - Group share amounted to €(95,049) thousand compared to €(109,908) thousand in the 2018/2019 financial year.

# 8 CASH AND EQUITY

## *8.1 General information and information about the Company's equity*

As of the filing date of the Universal Registration Document, the Company's share capital totaled €41,514,758.54 (divided into 122,102,231 ordinary shares with a par value of €0.34 each, all of the same category 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.
For a description of the consolidated equity as of March 31, 2020, please refer to the notes to the consolidated financial statements as of March 31, 2020 in Appendix 1 of the Universal Registration Document.

The Group's cash requirements are covered by its operating cash flows, as well as traditional bank loans, particularly a new line of credit for $100 million set up by Vine to fund future productions, as well as overdrafts and specialized production loans.

The previous principal revolving credit line enabling it to raise credit related to contracts expired on October 21, 2019 and under the safeguard plan, approved by the Bobigny Commercial Court on July 24, 2020, it must be repaid over seven years.

The Group's increasing ability to self-finance (operating cash flow) over the past few financial years reflects its ability to provide additional funding structurally through its operations, which has enabled the Group to finance the growth of its activities and new investments. Apart from annual profit (loss), the restatement of amortization for the financial year is the other major element in the calculation of operating cash flow. Since the annual amortization is determined according to the ratio "net receipts for the year/estimated total net revenues", operating cash flow increases even more because the share of net revenue from films (and thus the corresponding amortization for the financial year) is high relative to future income assumptions.

Scheduling the release of "big-budget" films during the financial year can nonetheless influence the change in the working capital requirement at year-end, since the share of uncollected export revenue made from one year to another is even stronger because the release of the latest film internationally is close to the end of the year.

## *8.2 Comments on the consolidated cash position and consolidated equity of the Group under IFRS for the financial years ended March 31, 2019 and March 31, 2020*

### 8.2.1 Consolidated cash flows

The table below shows the consolidated cash flows generated by the Group for the financial years ended March 31, 2019 and March 31, 2020.

| (amounts in thousands of euros) | | Financial year ended March 31, 2020 | 2019 |
|---|---|---|---|
| **Operations** | | | |
| Net income - Group share | | (95,049) | (109,909) |
| Net income - minority interest | | (2) | 36 |
| Depreciation and amortization | | 43,396 | 169,212 |
| Unrealized gains and losses from changes in fair value | | 457 | 5,226 |
| Change in the fair value of securities-related liabilities | | 0 | 0 |
| Capital gains or losses | | 0 | (6,169) |
| Share of income from associates consolidated using the equity method | | 827 | 821 |
| Income and expenses due to share-based payments and similar | | 0 | 0 |
| **Operating cash flow after cost of net debt and taxes** | | **(50,371)** | **59,217** |
| (Income from financial investments) / Cost of financial debt | | 21,035 | 16,444 |
| Taxes (Income) / Cost | | 8 | 1,190 |
| **Operating cash flow before cost of net debt and taxes** | | **(29,328)** | **76,851** |
| Change in working capital requirement: | | | |
| Inventory | | 354 | 4,530 |
| Trade and other accounts receivable | | 33,510 | 55,196 |
| Prepaid expenses | | 845 | 2,405 |
| Trade payables and other liabilities | | 35,567 | (18,447) |
| Deferred income | | (9,619) | (18,840) |
| Tax paid | | 0 | 0 |
| **Net cash flow from operations** | **Note 5.1** | **31,329** | **101,694** |
| **Investment activities** | | | |
| Acquisition of intangible assets | | 205 | (12,752) |
| Acquisition of other intangible assets | | (2) | (19) |
| Acquisition of property, plant and equipment | | 70 | (125) |
| Income on disposals of intangible assets and property, plant and equipment | | 0 | 8,300 |
| Net change in financial assets | | (123) | (5,799) |
| Change in liabilities on long-term investment | | 0 | 0 |
| Change in minority reserves | | 0 | 0 |
| Impact of the changes in the scope of consolidation | | 0 | 0 |
| **Net cash flow from investment activities** | **Note 5.1** | **150** | **(10,395)** |
| **Financing activities** | | | |
| Dividends paid | | 0 | 0 |
| Capital increases | | 0 | 0 |
| Capital increase expenses | | 0 | 0 |
| Net increase in bank borrowings and overdrafts | | 21,863 | 2,412 |
| Net decrease in bank borrowings and overdrafts | | (48) | (86,306) |
| Decrease in lease liability | | (7,475) | |
| Net change in treasury shares and free shares | | 53 | (76) |
| Interest paid | | (18,714) | (17,720) |
| Net interest income and expenses | | 178 | 186 |
| **Net cash flow from financing activities** | **Note 5.1** | **(4,143)** | **(101,502)** |
| **Net change in cash and cash equivalents** | | **27,336** | **(10,203)** |
| Net cash and cash equivalents at start-of-period | | 22,909 | 33,112 |
| **Net cash and cash equivalents at end-of-period** | | **50,245** | **22,909** |
| broken down into: | | | |
| *Marketable securities* | | *678* | *678* |
| *Cash and cash equivalents* | | *50,002* | *22,231* |
| *Overdrafts* | | *(435)* | *(0)* |

- *Cash flows from operations*

The net cash flows linked to the business remained high as of March 31, 2020 and totaled €31,329 thousand, compared to €101,694 thousand as of March 31, 2019. The decrease is due, in particular, to international pre-sale receipts for the film *Anna* in the previous financial year.
The change in working capital requirement during the financial year ended March 31, 2020 was €60,657 thousand versus €24,844 thousand the previous year. This increase is mainly due to the recognition of the second part of the Vine profit-sharing agreement as other financial liabilities, for a total of €40,995 as of March 31, 2020.

- *Cash flows from investments*

At March 31, 2020, net investment cash flows amounted to €150 thousand versus €(10,395) thousand for the financial year ended March 31, 2019.
This decrease is related to the absence of "acquisitions of intangible assets" in the 2019/2020 financial year, versus €(12,752) thousand in the previous year. Indeed, due to the restructuring, the Group had to postpone the production of new projects.

- *Cash flows from financing*

At March 31, 2020, net cash flows from financing activities stood at €(4,143) thousand, versus €(101,502) thousand as of March 31, 2019. This amount includes, in particular, the repayment of rental debts totaling €(7,475) thousand following the application of IFRS 16. In the 2019/2020 financial year almost no debts were repaid following the start of the safeguard proceedings on May 13, 2019 (whereas in the previous year the production debts arising from *Anna*, the series *Taken* and *Taxi 5* were repaid) and the interests on the secondary debt were capitalized in full.

### 8.2.2 Debt, borrowing conditions and financing structure

- *Basic needs and financing resources*

The production of films and television series requires significant investments. The Group has had and will continue to have significant capital requirements to fund:
- production costs for feature films and television series;
- participation in coproductions in the form of the payment of contributions to coproductions and minimum guarantee amounts for distributions;
- acquisition of exploitation rights for films not produced by the Company and, as the case may be, acquisition of film catalogs;
- any acquisitions or investment projects.

In light of its development policy, the Group expects that its capital requirements (excluding potential acquisitions) need to be covered by operating cash flows as well as specialty credits and bank loans.

Vine extended a new line of credit capped at $100 million which, by mutual agreement, can be increased by an additional $25 million under the Company's safeguard plan. The bulk of this credit comes directly or indirectly from a new generation of Vine funds (Funds IV), which are separate from the Vine fund 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 credit line has a five-year term from the date of signature and bears annual interest of 8%. The fees associated with the early refinancing of this new line in the first 18 months would be 2% of the total line amount. The Borrowing base is the sum of:

- the eligible distribution contracts after applying the standard advance rates applied by credit institutions depending on the distributor in question; plus
- 90% of the tax credits; plus
- 80% (for "ultimates reports" supplied for an American studio) and 75% (for "ultimates reports" supplied by the firm FTI) of the share of future receipts ("ultimates") accruing to EuropaCorp Pictures LLC and estimated for the next four years; less
- the reserves provided for by the credit documentation.

The receipts from each film having been drawn will be allocated to the repayment of the draw-down in question, with any remainder allocated for the repayment of any draw-downs related to the other films financed by Vine. Once all sums owed to Vine have been repaid, any remaining receipts may go back to EuropaCorp (after the deduction of the appropriate amounts of the standard liabilities to be paid to third parties by the parties to the credit line in relation to these films and for sufficient amounts in addition to the reserves required under the credit line).

The standby fees are 1.25% per year on the unused portion of the credit facility and the Company has the option of canceling some or all of the commitments provided it pays any early refinancing fees. The other fees include arrangement fees (1.75%) and an "upfront fee" for each film (1.50%). The Company retains the option to access third-party credit to fund some or all of the costs of film-making without the consent of the lenders, provided that the rights to these films are transferred to EuropaCorp Pictures LLC, and that this lending is secured only by different collateral to those of the lenders under the new Vine credit agreement.

This credit line is secured as follows:
- first-line securities on all EuropaCorp Pictures LLC assets (including the securities of the subsidiaries of this company);
- pledging (or equivalent) of the receivables included in the Borrowing Base against advances;
- pledging of EuropaCorp Finance LLC securities.

When all sums due under the Vine credit line have been repaid, the distribution rights to the films financed by Vine may be freely transferred to EuropaCorp (with the exception of the rights to the most recently produced film).

There is also provision for a "Golden Share" mechanism to be issued by EuropaCorp Pictures LLC which would allow Vine to take control of this company were any of the events stated in the credit documentation to occur.

To facilitate financial flows and streamline cash management between EuropaCorp and its subsidiaries, a cash pooling agreement was signed by EuropaCorp, EuropaCorp Home Entertainment, EuropaCorp Distribution, EuropaCorp Music Publishing, Intervista, Dog Production, EuropaCorp TV, Ydéo, Blue Advertainment, EuropaCorp Television, Roissy Films, EuropaCorp Aéroville, Blue Event, Digital Factory, Cipango Music, Valérian SAS, Orchestra and T5 Production. Under the terms of the agreement, EuropaCorp centrally coordinates cash requirements and surpluses for its subsidiaries more than 90% owned and is responsible for (i) granting advances to its subsidiaries and receiving advances from them, (ii) negotiating all short-term banking overdrafts and taking out any loans, and (iii) making all investments.

- *Group debt*

The Group's net debt was €152,605 thousand as of March 31, 2020, compared to €159,847 thousand at March 31, 2019. The consolidated net debt was down slightly due to the increase in cash (debt freeze linked to the safeguard procedure) partially offset by the increase in the secondary debt linked to the capitalization of the interests incurred over the period.
A breakdown of the Group's consolidated net debt at March 31, 2019 and 2020 is given in Section 3.12 of Appendix 1 of the Universal Registration Document.

The Group's debt consists primarily of:

- <u>Revolving credit facility agreement of October 21, 2014</u>

Since October 21, 2014, the Group has had (i) a revolving credit line enabling it to settle amounts due under contracts for a maximum amount of $400 million, composed of a line of approximately €178 million and a line of $160 million, accompanied by an accordion clause of $150 million, and (ii) a secondary credit line for $50 million.
The principal credit line was arranged by J.P. Morgan as Agent and Lead Bookkeeper, and SunTrust and OneWest Bank as secondary Bookkeepers and co-arrangers. The principal credit line has been syndicated with major banks, notably the French banks Natixis, Banque Palatine, Arkea Banque Entreprises et Institutionnels, and BRED Banque Populaire.

On September 30, 2016, the Group renegotiated the terms of those agreements as follows:

(i) the main credit line, in the initial amount of $400 million, was reduced to $250 million with the accordion clause of an additional $150 million remaining unchanged. These new amounts allowed a significant decrease in the non-use fees, the amount of the collateral available at the time being insufficient for drawing more than this amount against this line;

(ii) the secondary credit line facility was extended from the initial amount of $50 million to $80 million (excluding capitalized interest), making it possible to draw an extra $30 million. This extension of the second credit line facility also benefited from the guarantee of the Group companies, like previously.

On September 8, 2017, the amount of the principal credit line was reduced by $30 million, and again on December 24, 2018, down to the amount of about $190 million, thus making it possible to reduce the non-use fees.

At March 31, 2020, €85.6 million had been drawn against this principal credit line. The secondary credit line was fully drawn down.

The principal credit line bears interest, for loans granted in euros, at the Euribor rate plus a bank margin of 3.25% and, for loans granted in dollars, either at the Libor rate plus a bank margin of 3.25%, or the Alternate Base Rate plus a bank margin of 2.25%.
The secondary credit line facility bore an annual interest rate of 15% for the whole line, of which 6% payable quarterly and 9% capitalized and payable on the due date of the credit. This line could be paid up at any time without penalty.

As security for these credit lines, EuropaCorp and some of its subsidiaries (Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo) granted first-line and second-line guarantees on all of their assets, and notably the pledge of financed assets, as specified in the Notes to the consolidated financial statements (Appendix 1), to the exclusion of any other guarantee.

The principal credit line was to be repaid after a period of five years, i.e. by October 21, 2019. Owing to the safeguard procedure being initiated against the Company on May 13, 2019, the repayment of debts has been frozen pending the adoption of the safeguard plan. The safeguard plan approved by the Bobigny Commercial Court on July 24, 2020, approved the repayment of outstandings over a seven-year period:

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

The secondary credit line was to be repaid after a period of five years and six months, i.e. by April 21, 2020. On July 28, 2020, it was fully converted into capital with the capital increase of €115,301,625.13, reserved for the funds Vine Media Opportunities – Fund III, including issue premium, paid up through the equitization of the receivable.

### 8.2.3 Capital use restrictions that may affect the operations of the Company and the Group and other restrictions

Overall, the credit line agreements EuropaCorp entered into include clauses giving lenders and/or the agent certain rights (for example, the need to obtain their advance approval), particularly in the event of a change in control.

The credit line agreements entered into by EuropaCorp generally have the usual commitments and limitations in terms of financing as those applying to the actions of EuropaCorp and its subsidiaries for insurance, debt, provision of guarantees and collateral, sale of assets, etc. More specifically, they provide for the early maturity of the amounts due by EuropaCorp, as is usually the case for this type of contract: failure to pay by the due date, non-compliance with financial commitments, inaccurate disclosure or material contract breach, insolvency proceedings, etc.

Furthermore, contracts relating to other methods of financing (including Dailly-type arrangements) also stipulate a series of events that can result in the early repayment of the outstanding credit owed by the Company: such as default by a counterparty, cessation of film production, and insolvency proceedings.

### 8.2.4 Off-balance sheet commitments

The off-balance sheet commitments, excluding pledges of assets (notably the pledges and delegations of receipts on credit lines referred to in Appendix 1 of the Universal Registration Document), as of March 31, 2020 related to the Group's current activity are summarized below:

| **Commitments received by EuropaCorp (in thousands of euros)** | **03/31/2020** | **03/31/2019** |
|---|---|---|
| Commitments received from clients | | |
| *For the cinematographic business* | *2,963* | *12,639* |
| *Support funds for audiovisual activities* | *2,105* | *1,967* |
| Financial commitments for leases* | 6,339 | 12,681 |
| **Total commitments received** | **11,407** | **27,287** |
| ** Relates to the sub-lease agreements for the La Cité du Cinéma business park.* | | |
| | | |
| **Commitments made to third parties (in thousands of euros)** | **03/31/2020** | **03/31/2019** |
| Financial commitments for leases**[10] | 0 | 36,891 |
| Vine Participation[11] | 0 | 40,053 |
| Financial commitments for cinematographic investments | 0 | 0 |
| **Total commitments made** | **0** | **76,945** |
| *** 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)** | **11,407** | **(49,658)** |

[10] Commitment recognized as a liability as of March 31, 2020 following application of IFRS 16. See Note 2.2 *Changes in the IFRS framework* of Appendix 1 to the consolidated financial statements for more details.
[11] Commitment recognized as a liability as of March 31, 2020. See Section *7.3.7 Off-balance sheet commitments* for more details.

# 9 REGULATORY ENVIRONMENT

## *9.1 Film industry sector regulations*

The film industry sector is subject to specific European and French regulations.

In France, the French National Center for Cinema and the Moving Image (Centre national du cinéma et de l'image animée - CNC), a public administrative establishment placed under the authority of the Ministry of Culture and Communication, has powers of regulation and control over the activities of the industry. It issues licenses to companies belonging to one of the branches of the film industry so that they can exercise their profession and controls operating receipts from works screened in theaters or in video format. The CNC also manages programs of assistance to the film industry.

### 9.1.1 Cinema – Television relations

- *Contribution to the development of the production of cinematographic works*

French law requires television stations to contribute to the development of the production of cinematographic works. To do this, they must devote a percentage of their revenue or resources (which vary depending on the type of services published) to the acquisition of broadcasting rights or investment in production for the financing of European or French cinematographic works.

All channels, regardless of their linear format (terrestrial, DTT, cable, or satellite) whose primary purpose is not the distribution of cinematographic works that broadcast at least 52 feature-length cinematographic works a year must invest a minimum of 3.2% of their net revenue for the previous year in European films, of which 2.5% must be earmarked for original French-language films. The expenses taken into account to meet this obligation are advance purchases of broadcasting rights, investments in producer's shares, and the budget set aside for theater distribution. Further, three-quarters of these expenses must be earmarked for independent production, according to specific criteria that include the ways in which the work is to be exploited and the equity holding relations between the channel and the production company.

For its part, Canal+ must invest a portion of its total annual resources for the current financial year in film acquisitions, of which 12% goes to European films and 9% to original French-language films. The channel must also comply with a diversity clause, which reserves a portion of its investment for low-budget films.

With regard to cable, satellite, and DTT movie channels, their purchases of broadcasting rights must represent the following proportions of their annual total funds for the current financial year: 21% for European works (26% for a first-run movie service) and 17% for original French-language works (22% for a first-run movie service). Like Canal+, their agreement must contain a diversity clause. A large part of this investment (75% for cinematography) must also benefit productions made by independent producers.
Through the Orange Cinéma Séries entity, Orange signed an agreement with professional film organizations (APC, API, SPI and UPF) on July 17, 2015. Under the terms of this agreement, respectively 27% and 22% of total Orange Cinéma Séries funds must be devoted to the acquisition of feature-length European and original French-language cinematographic works.

- *Broadcasting obligations for cinematographic works*

Television publishers are also in principle required, even during prime-time hours, to set aside at least 60% of the annual total number of broadcasts and rebroadcasts of feature-length cinematographic works for the broadcasting of European works, of which at least 40% must be original French-language works.

These mechanisms explain the essential role played by television channels in the financing of French films. In 2019, the investments by television channels in the financing of French films (pre-purchases and contributions to coproduction) declined by 3.9% to €263.26 million. Nevertheless the share of financing provided by television channels remained stable and increased from 28.6% in 2018 to 29.1% in 2019. *Source: CNC – Bilan 2019*

### 9.1.2 French subsidy mechanisms for the film industry

#### *9.1.2.1 CNC subsidy mechanisms*

In France, film industry aid is regulated largely by Decree no. 99-130 of February 24, 1999. The CNC is responsible for the allocation of these various types of aid, which are part of the French audiovisual subsidies levies.

- *Automatic subsidies for film production*

Automatic subsidies for film production is an aid mechanism managed by the CNC that aims to encourage the production of feature-length films, both French or international coproductions.

Access to automatic financial subsidies depends mostly on the presence, among the producers of the work, of a European producer established in France and of compliance with the criteria required for European qualification of the work. If these two conditions are met, the producer may apply for an approval on the basis of which the work will be granted the benefit of automatic financial subsidies.

Any approved work has access to automatic financial subsidies, both to generate the financial subsidies registered in the producers' account for the work and to allow the investment in that same work from the subsidies generated by the exploitation of earlier works. At the approval stage, however, the film only has potential automatic financial subsidies: this will be generated in proportion to how well the film is received by the public. The financial subsidies granted by the CNC is proportional to the receipts from the film produced by the production company. It is only granted once the film is already being exploited. Accordingly, in practice, an approved film can benefit from automatic subsidies that go to the company for earlier works and moreover increase the rights of the company to benefit from subsidies for approved future works.

Then, once approval is obtained, the film generates financial subsidies on the basis of the results not only of its cinema release, but also of its television broadcasting and video performance.

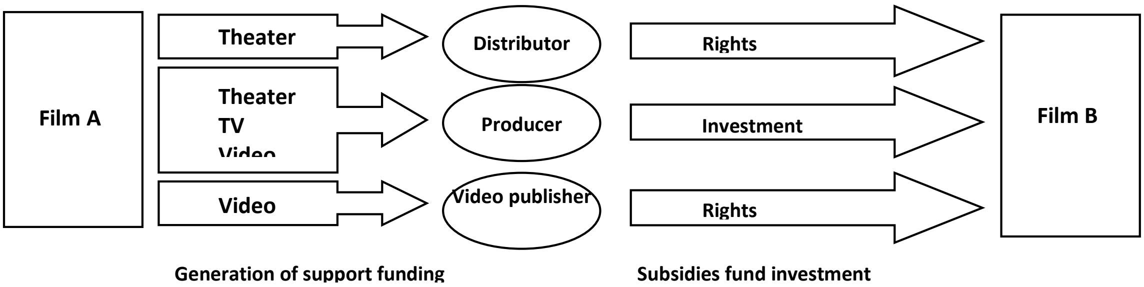
The amounts due for automatic financial subsidies are deposited in the account opened with the CNC in the name of the recipient production companies. They can be mobilized by the producers for the production of new feature-length films that have received approval for investment by the CNC, within a period of five years from January 1of the year following the one in which they were calculated.

The films eligible for support mechanisms will continue to receive them, in particular those produced by LBP that the Company chooses to distribute.

- *Other automatic subsidies*

Other automatic subsidy mechanisms are granted to theater operators, distributors, and video publishers. EuropaCorp Home Entertainment and EuropaCorp Distribution benefit within this framework of this automatic subsidies.

*Summary diagram*




*Films A and B must have been approved by the CNC*

In 2017, the CNC also set up new automatic subsidies funding for the international promotion of films, for the benefit of international sales agents. The subsidy is generated upon the first theater admission for any film eligible in one of the 55 territories within the world regions used to calculate the subsidy. EuropaCorp, whose films generally play well internationally, as in the case of *Valerian and the City of a Thousand Planets* with over 30 million admissions abroad, was able to qualify for this subsidy.

During the financial years ended March 31, 2018, 2019 and 2020, the Group recognized the amounts generated by automatic subsidies funding (excluding COSIP) as revenue, for €4.3 million, €3.1 million, and €1.1 million respectively.

Following the capital increases and the change of majority shareholder, the Company may continue to benefit only from the "Distributor" subsidy.

#### *9.1.2.2 Tax support mechanisms*

There are two main tax incentive mechanisms for film production: a tax credit mechanism subject to certain conditions and the creation of companies for the financing of the film and audiovisual industries (Sofica), which allow advantageous financing to be obtained.

- *The film tax credit*

The tax credit mechanism is eligible for the production companies which have to pay corporate taxes and which produce fictional, documentary and animation full-length feature films which (i) are mainly French-speaking films, (ii) obtained both the investment and the production CNC agreements, (iii) are mainly created on French soil and (iv) contribute to the development and the diversity of the French and European cinema creations. An agreement process by the CNC must be initiated to benefit from the tax credit.

The tax credit is 30% of the eligible expenses and cannot be more than 80% of the film budget. Since January 1, 2016, this amount has been capped at €30 million. In the financial year ended March 31, 2020, the Company received no cinema tax credits and €2,385 thousand was recognized in the consolidated financial statements as a deduction from cost of sales and on a prorata basis of the economic amortization of the films for which the tax credits were granted.

As developed by the French Federation of Cinema, Audiovisual, and Multimedia Industries (FICAM) and the Commission Nationale du Film France, the project for the creation of a tax credit for international productions was adopted in December 2008 by the French Parliament and approved by the European Commission in July 2009. The implementing decree for the international tax credit was published in the Official Gazette on September 12, 2012. The decree was subsequently amended with effect from January 1, 2016. The tax credit is for a line producer established in France who creates a cinematographic work in France produced by foreign producers and contributes to the production of foreign works not eligible for funding managed by the CNC.

This tax credit whose size depends on the level of spending on French territory gives the claimant a corporate income tax deduction or a refund. The amount of the public aid corresponds to 20% (30% from January 1, 2016) of the eligible expenditures, which are capped at €20 million (€30 million from January 1, 2016). The eligible expenditures may not exceed 80% of the budget, and the public aid may not exceed 50% of the budget.

This tax credit applies to expenses incurred after January 1, 2009, subject to provisional approval before the initial expenditures followed by final approval within 12 months of the last work on the film performed in France.

- *Soficas*

Soficas are French corporations subject to corporate tax under the conditions of ordinary law whose exclusive activity is the capital financing of cinematographic or audiovisual works approved by the CNC.

The financial commitment of Soficas in cinematographic or audiovisual works approved by the Ministry of Culture may take the form of subscriptions to the capital of companies whose exclusive activity is the creation of cinematographic or audiovisual works or of cash payments made through a partnership agreement with the production.

In the second case, the conditions under which they are associated with the financing of a cinematographic or audiovisual work are restrictive: in exchange for their contribution, they acquire rights to the receipts from the exploitation of a cinematographic or audiovisual work. However, Soficas do not enjoy any exploitation rights for a work and cannot benefit from the French government's financial subsidies plan for the film and audiovisual industry.

The tax deduction that makes Soficas so attractive guarantees that they will collect funding annually.

- *European tax incentive mechanisms*

Aid mechanisms equivalent to those implemented in France (tax credits) exist in some European countries and are generally subject to certain coproduction and location-related criteria for a portion of the production expenses for the film in the country in question. On a case-by-case basis, the Group may be able to take advantage of these aid mechanisms and has already done so in the past, notably in Belgium and the United Kingdom.

### 9.1.3 French subsidy mechanisms for the audiovisual industry

- *The COSIP*

In France, the CNC manages the audiovisual programming industry subsidies account (COSIP), which was created in 1986 and is governed by Decree no. 95-110 of February 2, 1995 and Decree no. 95-35 of January 14, 1998 amended. The purpose of these accounts is to promote the production of audiovisual works by production companies established in France that are intended for broadcast on French television channels.

Access to automatic financial subsidies is mainly contingent on the fact that projects must have contributions from French broadcasters at least equal to 25% of the French share of funding and be composed of a cash portion greater than €9,000 per hour. The aid granted by a COSIP is calculated based on the duration of each program. During the financial year ended March 31, 2020, the Group, which no longer produces French-language television series, has not recognized any revenue from the COSIP.

- *The audiovisual tax credit*

As with the film tax credit, the audiovisual tax credit allows a production company to deduct, under certain conditions, 20% of so-called eligible production expenses from its taxes, and it is capped at €1,250 per minute (for a work of fiction). During the 2019/2020 financial year, the Group, which no longer produces French-language television series, did not receive any audiovisual tax credits.

- *Other assistance mechanisms*

Producers of audiovisual works may also, under certain conditions, benefit from various aid programs at regional and European levels.

- *Obligations of television channels in the broadcasting of audiovisual works*

As for cinematographic works, French television channels are subject to obligations laid down by the French broadcasting regulator, le Conseil Supérieur de l'Audiovisuel (CSA), for broadcasting, the purpose of which is to subsidize French programs.

#### 9.1.4 Changes to French and European subsidy policies

The French regulatory system and to a lesser extent the European system bring significant benefits to the Group. For example, the requirement for French television channels to buy and distribute a minimum amount of French-language content and content produced in Europe helps bolster demand for the Group's films, driving pre-sales of broadcasting rights to television channels and contributing to the pre-financing of the films it produces.

The company cannot guarantee that this favorable regulatory environment will continue in the future. Indeed, it is regularly challenged, both internationally by American studios (and more generally in the context of international negotiations on trade liberalization), and at the European level by the European Commission, which controls the proportionality of State aid in relation to compliance with the freedom of establishment and services within the European Union.

However, in the name of diversity and cultural exception, the audiovisual industry was excluded from the scope of trade negotiations between the European Union and the United States in June 2013. To increase the protection for this industry, in November 2013 the European Commission adopted a text affirming the cultural nature of State aid for the film and audiovisual industries and granting an exemption from the rules on liberalization. The system in place to support audiovisual creation is now fully shielded from market liberalization.

The Group benefits from these measures, and particularly from the automatic production subsidies fund provided by the CNC, France's National Film and Moving Image Center. In this respect, over the last three financial years the Group has received aid totaling €4,377 thousand for the year ended March 31, 2018, €3,057 thousand for the year ended March 31, 2019, and €1,117 thousand for the year ended March 31, 2020.

However, given its international positioning and the convergence of commercial and creative talent and skills within the Group, it considers itself a little less dependent on the incentives offered under French regulations than the majority of its competitors benefiting from these measures.

*9.2 Administrative authorizations*

### 9.2.1 Administrative authorizations related to audiovisual companies

Any company that falls under one of the branches of the film industry cannot exercise its activity until it is authorized by the CNC to exercise that profession. Regulations also require companies in the film industry not to enter into contracts with another company in the same sector that does not have a professional license.

Through their respective activities, the Company and its EuropaCorp Distribution subsidiary are subject to this licensing scheme:
- since 1992 (when the Company was registered), the Company has been authorized to produce both short and feature-length films;
- since March 2001, EuropaCorp Distribution has been authorized to act as a film distributor for all of France.

Finally, the publishing, reproduction, distribution and sale of video content intended for private use to the public are also regulated and must be declared with the CNC. EuropaCorp Home Entertainment filed this declaration on August 3, 2001, and it has been listed as a publisher and distributor of video content.

The more specific film regulations applicable to films and their approvals by the CNC are described in Section 9.2.2 of the Universal Registration Document.

### 9.2.2 Administrative authorizations and audiovisual regulations related to films

Any release of a film in a French theater must first be licensed by the Ministry of Culture, on the recommendation of the Film Classification Commission. The Commission recommended to the Culture Minister that the film be classified in one of the following categories: "general audience" or suitable only for a specific age group: 12 years and over, 16 years and over, and 18 years and over. The Commission's recommendation is forwarded to the Ministry of Culture, who decides on the film's classification and issues the license to its distributor.

French television channels have their own guidelines, standardized by the French Audiovisual Board (CSA). These are more detailed than the Commission's classification (for example, they include a "suitable only for ten years and over" category). Television channels, under the retrospective supervision of the CSA, decide on the film's classification based on the restrictions imposed when the license was issued.

They must also inform viewers, during any advertising and exploitation of the film, of any restrictions imposed on the film when the license was issued.

Other types of administrative authorization are required during the production of a film, such as investment approval and confirmation that the production is eligible for the CNC automatic production subsidies fund. Finally, films must be recognized as a European work or original French-language work to count towards the broadcasting quotas for French television channels.

The possibility of restricted viewing for certain audiences is factored in by the company when producing or purchasing a film, so as to estimate its commercial potential with its partners and with French television channels in particular. Similarly, the Group's film production experience and its in-depth knowledge of the regulatory environment of the film industry reduce the risk of the film not receiving CNC approval or not being classified as an original French-language film or European film.

### *9.3 Management of the release schedule and its future development*

The delinearization of the ways in which films are watched (theaters, television, internet, DVD, Blu-ray, smartphone, etc.) has led governments and industry professionals to phase in a new part-regulatory, part-conventional system governing the order in which a film is released in each format, reserving exclusive windows for each one to optimize the profitability of the film's exploitation (see Section 5.2.1 of this Universal Registration Document for more details).

With the development of new communication technologies (particularly ultrafast internet) and the geographic decompartmentalization of markets, integral to this development, consumers now have access to content streamed to or from other countries. It is not inconceivable that film release schedules will have to evolve in future years, by reducing the exclusive windows or overlapping the exploitation periods. Such changes could lead to a new form of competition between the various distribution channels.

### *9.4 Regulations on piracy*

The piracy of audiovisual products, through illegal DVD or Blu-ray copies or the illegal download of films and audiovisual content, is a phenomenon which has grown considerably over recent years, with higher-speed Internet connections. The digitization of content effectively facilitates the creation, transmission and sharing of high-quality illegal copies. The proliferation of such unauthorized copies has had, and will certainly continue to have, an unfavorable impact on the Group's business and results, as it reduces revenue generated by movie theater admissions and the sale of authorized videos. This could thus affect the Group's operating results and financial position.

To combat this phenomenon, the Group has set up and implemented an active anti-counterfeiting policy, by marking the copies of the films supplied to movie theaters in France and abroad, by securing the transport of hard copies intended for operators, and by increasing the proportion of films delivered via secure digital files in order to limit the number of hard copies. In addition, the Group has also introduced special computer technology to prevent the unauthorized downloading of digital files by peer-to-peer file sharing, direct downloads or streaming, either by preventing them from appearing on unauthorized sites (filtering technique using digital signatures), or by removing unauthorized files detected electronically. To this effect, the Group's Internet protection measures are now applicable "lifelong", from the moment a film is covered; this protection is systematic for all of the Group's new films. The Group's VOD policy consists in only granting film exploitation rights to VOD platforms which, as confirmed by the Group beforehand, implement efficient measures to combat counterfeiting and film piracy on the Internet.

Any relaxation of this regulatory framework when powers are transferred from the French High Authority for Audiovisual and Communications (Hadopi) to a new body, as ratified by the French National Assembly on April 28, 2016 and due to take effect on February 4, 2022, could have negative consequences for all industry stakeholders, and therefore for the Group.

However, a recent study by Médiamétrie, showing a historic drop in the number of pirated films, series or sporting programs, at the same time as an increase in legal offerings, suggests that the recent development of SVoD platforms (Netflix, Amazon, Disney+, etc.) might stem the progression of piracy. The average number of internet users using illegal streaming or download sites on computers, mobiles or tablets decreased by 23% between 2018 and 2019, which is "unprecedented" according to Bertrand Krug, Head of the Internet Department at Médiamétrie. Specifically, their numbers decreased from 15.4 million on average in 2018, to 11.8 million in 2019, i.e. a little less than a quarter of internet users. In 2019 alone, they decreased even more markedly: from 14.5 million in January to 9.5 million in December. Source: Les Echos - *Baisse historique du nombre de pirates dans l'audiovisuel*

## 10 TREND INFORMATION

### *10.1 Main trends since the beginning of the current financial year*

During the safeguard period, the Company had to postpone the production of films and TV series. Development has nevertheless continued and the Company currently has a number of films and television series in the pipeline. Following the approval of the safeguard plan on July 24, 2020, these projects are ready to go into production provided that the relevant funding can be secured.

Thus, no film releases or TV series deliveries are planned for the 2020/2021 financial year. As of the 2021/2022 financial year, three films a year will be distributed.

The Company notes that, generally speaking, due to the nature of its businesses and the release schedule for cinematographic works, it may experience significant fluctuations in its revenue and its quarterly or semi-annual earnings and that the revenues and earnings generated for a given quarter or half are therefore in no way indicative of the Group's annual revenue and earnings.

### *10.2 Trends, uncertainties, constraints, commitments or events liable to have a material impact on the Group's outlook*

As of the filing date of this Universal Registration Document, the Group considers that the COVID-19 epidemic may result in delays to the production and/or release in theaters of any films on which the Company begins production.

The Company is also expecting a decrease in footfall in theaters owing to the strict health conditions that the government will may introduce as part of its management of the health crisis.

# 11 PROFIT FORECASTS OR ESTIMATES

## *11.1 Published estimate or forecast*

As part of its draft restructuring plan, EuropaCorp has drawn up a business plan comprising financial objectives over a six-year period. This information that had been shared with creditors subject to non-disclosure commitments, was circulated in a Company press release dated February 28, 2020 announcing the unanimous vote by the creditors' committee approving the safeguard plan that had been presented to them.

This forward-looking information is subject to numerous factors (particularly related to the market or the commercial success of films) and as such may change at any time and, as a consequence, EuropaCorp's actual results may differ significantly from those presented in the forward-looking information. The information contained within the business plan is based in particular on assumptions developed by the Company and on assessments of the market environment. Although EuropaCorp believes that the information presented in this document is based on reasonable assumptions, it is very difficult to foresee the impact of certain factors and impossible to anticipate all factors that could affect the financial projections.

The material factors that may cause the actual results to diverge significantly from the Company's objectives include but are not limited to: (i) the ability to implement the restructuring plan, (ii) risks relating to the film industry and, in particular, the uncertain nature of the commercial success of films and their impact on revenue, (iii) increased costs of implementing the restructuring, and (iv) the risks stated in its periodic reports and financial statements filed with the French Financial Markets Authority (Autorité des marchés financiers - AMF) (see particularly Section 3 of this Universal Registration Document). The Company operates in a highly competitive and rapidly changing sector; as such it may not be in a position to anticipate all risks, uncertainties or other factors liable to affect its business, their potential impact on its business or the extent to which the materialization of a risk or combination of risks may entail results that are materially different from those stated in any forward-looking information, bearing in mind that none of this forward-looking information constitutes a guarantee of actual results.

As such, investors are asked to take into account the fact that this forward-looking information, which has been produced for the purpose of drafting the restructuring plan, must not be interpreted as a guarantee that the facts and data stated will be realized since these are liable to change owing to the uncertainties around the economic, financial, competitive and regulatory environment in particular, which could lead to materially different results to those described, sought or anticipated.

The business plan drawn up as part of the safeguard plan, revised since its publication on February 28, 2020 owing in particular to the delays related to COVID-19, is as follows (in millions of euros):

| Financial year ended 03/31 (€ millions) | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|
| Revenue | 34.2 | 141.3 | 174.9 | 168.5 | 159.1 | 159.1 |
| EBITDA | 5.1 | 110.3 | 144.9 | 137.8 | 129.5 | 129.0 |
| EBIT | -12 | 42.2 | 49.5 | 41.5 | 27.2 | 33.1 |
| **Net income** | **-17.7** | **24.3** | **34.9** | **34.3** | **22.1** | **27.4** |

***Main assumptions:***

- The business plan is based on the assumption i) that there will be no releases of new films produced by EuropaCorp in the 2020/2021 financial year and ii) that from the 2021/2022 financial year three films will be distributed each year;
- The general and administrative expenses should be reduced to no more than €20 million from the next financial year following the recent measures taken to reduce fixed costs and, in particular, the renegotiation of the terms of the lease on La Cité du Cinéma;
- The interest expenses should be reduced by over €14 million a year following the conversion into capital of the second-line debt;
- The conversion into capital of the second- and third line receivables for a face value equivalent to around €193 million versus 66.44% of the issued capital (following the two reserved capital increases), with existing shareholders retaining the balance of 33.56%.

### *11.2 Statement*

In accordance with Regulation no. 2019/980 of March 14, 2019, the Company hereby declares that the assessment published and reproduced in Section 11.1 of this Universal Registration Document has been prepared on a basis that is comparable with the historic financial information and in line with the Company's accounting methods.

# 12 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

To best adapt the Company's management structure to its situation and use the flexibility that the management of a listed Company requires, the Ordinary General Meeting of September 16, 2008 opted for the corporate form of a public limited company (société anonyme) with a Board of Directors, which is more consistent with the needs and imperatives related to the Company's business. The Board of Directors also decided to separate the functions of Chairman of the Board of Directors and Chief Executive Officer at its meeting of October 23, 2008.

A description of the main provisions of the Articles of Association relating to the Board of Directors, including its operations and powers, are contained in Section 14 of the Universal Registration Document.

## *12.1 Composition of the Board of Directors and Senior Management*

### 12.1.1 The Board of Directors

*a) About the Board of Directors*

As of March 31, 2020, the members of the Company's Board of Directors were as follows:

| First name, last name, age and professional address | Position held | Date of appointment - Term ends | Other positions held within the Group | Number of Company shares held |
|---|---|---|---|---|
| Luc Besson[1]<br>61 years<br>20 rue Ampère<br>93200 Saint-Denis | Chairman of the Board of Directors | September 28, 2016<br>-<br>GM 2020[2] | – Director of Fox Pathé Europa EIG | 4,035 |
| Charles Milhaud<br>77 years<br>20 rue Ampère<br>93200 Saint-Denis | Deputy Chairman of the Board of Directors | September 28, 2016<br>-<br>GM 2020[2] | – Nil | 1 |
| Virginie Besson-Silla<br>48 years<br>20 rue Ampère<br>93200 Saint-Denis | Member of the Board of Directors | November 17, 2016<br>-<br>GM 2020[2] | – Producer | 28,407 |
| Front Line (represented by Didier Kunstlinger)<br>20 rue Ampère<br>93200 Saint-Denis | Member of the Board of Directors | September 28, 2016<br>-<br>GM 2020[2] | – Nil | 12,935,903 |
| Patrice Gassenbach<br>73 years<br>20 rue Ampère<br>93200 Saint-Denis | Member of the Board of Directors | September 28, 2016<br>-<br>GM 2020[2] | – Nil | 1 |
| Rhyzlène Nusse<br>55 years<br>20 rue Ampère<br>93200 Saint-Denis | Member of the Board of Directors | September 26, 2014<br>-<br>GM 2022[3] | – Nil | 1 |
| Coralie de Fontenay<br>47 years old | Member of the Board of Directors | September 27, 2017 | – Nil | 1 |

| | | | | |
|---|---|---|---|---|
| 20 rue Ampère<br>93200 Saint-Denis | | -<br>GM 2021[4] | | |
| Lisa Leboff<br>40 years<br>20 rue Ampère<br>93200 Saint-Denis | Member of the Board of Directors | September 27, 2017<br>-<br>GM 2021[4] | – Nil | 1 |

*[1] Luc Besson controls Front Line, which owns 12,935,903 EuropaCorp shares.*
*[2] Until the end of the General Meeting to be held in 2020 to approve the financial statements for the year ended March 31, 2020.*
*[3] Until the end of the General Meeting to be held in 2022 to approve the financial statements for the year ending March 31, 2022.*
*[4] Until the end of the General Meeting to be held in 2021 to approve the financial statements for the year ending March 31, 2021.*

At the General Meeting of April 28, 2020 called to discuss the capital increases reserved for the funds Vine and Falcon, shareholders were notified of the resignation of Charles Milhaud, Patrice Gassenbach, Didier Kunstlinger, Virginie Besson-Silla, Lisa Leboff, Coralie de Fontenay and Rhyzlène Nusse, from their positions on the Board of Directors subject to the payment and delivery of new ordinary shares in the Company arising from the capital increases on which this Meeting voted.

They approved the appointment of four new directors to take up their positions on the date on which the aforementioned shares were to be paid and delivered, i.e. July 29.

Consequently, as of the filing date of this Universal Registration Document, the composition of the Board of Directors has changed to reflect the new shareholders and the following members now sit on the Company's Board of Directors:

| First name, last name, age and professional address | Position held | Date of appointment<br>-<br>Term ends | Other positions held within the Group | Number of Company shares held |
|---|---|---|---|---|
| Luc Besson[1]<br>61 years<br>20 rue Ampère<br>93200 Saint-Denis | Member of the Board of Directors | September 28, 2016<br>-<br>GM 2020[2] | – Director of Fox Pathé Europa EIG | 4,035 |
| James Moore<br>62 years<br>20 rue Ampère<br>93200 Saint-Denis | Member of the Board of Directors | April 28, 2020[3]<br>-<br>GM 2024[4] | – Nil | 1 |
| Jane Majeski<br>67 years<br>20 rue Ampère<br>93200 Saint-Denis | Member of the Board of Directors | April 28, 2020[3]<br>-<br>GM 2024[4] | – Nil | 1 |
| Deborah Carlson<br>62 years<br>20 rue Ampère<br>93200 Saint-Denis | Member of the Board of Directors | April 28, 2020[3]<br>-<br>GM 2024[4] | – Nil | 1 |
| Alexandra Voss<br>32 years<br>20 rue Ampère<br>93200 Saint-Denis | Member of the Board of Directors | April 28, 2020[3]<br>-<br>GM 2024[4] | – Nil | 1 |

*[1] Luc Besson controls Front Line, which owns 12,935,903 EuropaCorp shares.*

(2) *Until the end of the General Meeting to be held in 2020 to approve the financial statements for the year ended March 31, 2020.*
(3) *The appointment took effect on July 29, 2020.*
(4) *Until the end of the General Meeting to be held in 2024 to approve the financial statements for the year ending March 31, 2024.*

On the date of filing of this Universal Registration Document, the Board of Directors has five members.

The Company ensures compliance with the applicable legal obligations in effect relating to gender equality, it being noted that the proportion of women to men on the Board of Directors is at least 40% following the first Ordinary General Meeting after January 1, 2017. It currently stands at 60%.

As such, Luc Besson is staying on as a director and, during a transitional period, as acting Chairman and Chief Executive Officer. The new Chief Executive Officer will be appointed in close consultation with Luc Besson. In the event of any incompatibility between this new Chief Executive Officer and Luc Besson to the detriment of EuropaCorp and its activities, the Board of Directors will decide whether to retain or replace the CEO, based on the Company's interests.

*b) Biographies of the members of the Board of Directors*

- Biographies of the members of the Board of Directors as of March 31, 2020:

**Luc Besson, Chairman of the Board of Directors of EuropaCorp**
Luc Besson had several jobs in the film industry in France and the United States before he started his career as producer and director in the early 1980s.
To date, Luc Besson has directed 16 feature films, including *Subway* (1985), *The Big Blue* (1988), *Nikita* (1990), *The Professional* (1994), *The fifth element* (1997), for which he received a César award for Best Director in 1998, the animation trilogy *Arthur & the Invisibles* (2006, 2009 and 2010), *Malavita (The Family)* (2013), *Lucy* (2014), the biggest worldwide commercial success for a French film to date, *Valerian and the City of a Thousand Planets* (2017) and *Anna* (2019). In May 2000, Luc Besson chaired the jury of the Cannes Film Festival, thus becoming the youngest person to chair the jury in the festival's history.
Luc Besson has also directed a number of music videos (for Mylène Farmer and Serge Gainsbourg, among others), as well as numerous commercials for world-renowned companies (including L'Oréal, Chanel, Evian, Estée Lauder, and Orange), most of which, since 1999, were through Dog Productions, a wholly owned subsidiary of EuropaCorp.
Before founding EuropaCorp, Luc Besson set up two production companies: Les Films du Loup, in 1981, with Pierre Jolivet, followed by Les Films du Dauphin, in 1989.
In addition, since 1999, Luc Besson has been a screen writer and producer for several EuropaCorp films. Besides the films he has directed, Luc Besson has written more than 30 feature film screenplays, for which he has been the producer. These include the *Taxi* series, and more recently the *Taken* series, for which the accumulated takings from the three parts to date represent $928 million worldwide (Source*: www.boxofficemojo.com*).
In 2015 for the fortieth anniversary of its creation, the Académie des César selected Luc Besson to receive the first gold medal of the French Academy of Cinema Arts and Techniques (Académie des arts et techniques du cinéma), for his artistic and entrepreneurial contribution to French cinema over the last three decades.

**Charles Milhaud, Director and Deputy Chairman of the Board of Directors**
Charles Milhaud holds graduate degrees in mathematics, physics, and chemistry. He began working at Caisse d'Epargne in 1964 and became Chief Executive Officer of Caisse d'Epargne des Bouches-du-Rhône et de la Corse in 1983 and a member of the Supervisory Board of Centre National des Caisses d'Epargne (CENCEP).

In 1999, during the merger of these two entities and the creation of Caisse Nationale des Caisses d'Epargne (CNCE), he became Chairman of the Management Board. He left his position on October 19, 2008. He is currently Chairman of Chami-Consulting, a Moroccan consulting firm, and serves as a Consultant or Chairman for various companies.

**Virginie Besson-Silla, Director**
Virginie Besson-Silla was born in Ottawa, Canada, into a family of diplomats. She spent her childhood traveling between Mali, Senegal, the United States and France. After receiving a degree in business administration from the American University of Paris, she joined the marketing team of the Gaumont-Buena Vista joint venture in 1994. In 1997, she joined Patrice Ledoux, at the time Chief Executive Officer and producer at Gaumont, where she managed the theater release of *The Fifth Element* and *Jeanne d'Arc*, both directed by Luc Besson.
When Luc Besson founded EuropaCorp in 1999, he offered Virginie the position of production coordinator, which she accepted. She produced her first film a year later: *Yamakasi,* which was released in April 2001 and had 2.2 million admissions in France.
In 2009, Virginie Besson-Silla began production of The *Extraordinary Adventures of Adèle Blanc-Sec* with Louise Bourgoin and suggested that Luc Besson direct the film. This was the first time the director and producer had worked on a film together in ten years. They collaborated again on *The Lady*, a biography of Nobel Peace Prize winner Aung San Suu Kyi, with Michelle Yeoh and David Thewlis, and on *Malavita* (*The Family*) with Robert De Niro, Tommy Lee Jones and Michelle Pfeiffer, filmed entirely in France.
She again teamed up with Luc Besson in 2014 for the science-fiction movie *Lucy*, with Scarlett Johansson and Morgan Freeman. The movie was a major success earning nearly half a billion dollars at the box office around the world.
Virginie Besson-Silla then produced EuropaCorp's most ambitious project, the science-fiction blockbuster *Valerian and the City of a Thousand Planets*. Based on the cult comic strip "Valerian and Laureline" by Pierre Christin and Jean-Claude Mézières, the film follows the adventures of two space-time agents responsible for maintaining order in the universe. The film features Cara Delevingne, Dane DeHaan, Clive Owen, Ethan Hawke and Rihanna. It was released worldwide in the summer of 2017.
Acknowledged by her peers for her contribution to the film industry, Virginie Besson-Silla was invited to join the Academy of Motion Picture Arts and Sciences in 2016.
Virginie Silla married Luc Besson in 2004. They have three children.

**Didier Kunstlinger, Front Line representative on the Board of Directors**
Didier Kunstlinger is a graduate of HEC Paris business school and is one of France's biggest experts on movie funding. He began his career in 1969 at Banque OBC, where he held various management positions, ultimately becoming Vice Chairman and Chief Executive Officer in 2005. During that time, in 1979, he became Chief Executive Officer of Cofiloisirs, then Chairman of the Board of Directors from 1998 to 2005. From 1983 to 2005, he was also the permanent representative of OBC on the Board of Directors of IFCIC, which specialized in the funding of cultural industries. He joined Fortis in 2005, where he held the position of Chief Executive Officer of Fortis House, then Chief Executive Officer of Fortis Mediacom Finance.
Didier Kunstlinger is currently head of the Media Unit of Rothschild Martin Maurel and the permanent representative of Front Line on the EuropaCorp Board of Directors.

**Patrice Gassenbach, Director**
Patrice Gassenbach has been an attorney before the Paris bar since 1971. He is a strategic adviser to several large CAC 40 companies.

**Rhyzlène Nusse, Director**
Of German-Moroccan nationality, Rhyzlène Nusse is a graduate of IHK (Industrie und HandelsKammer), school of management and business of Saar (Germany). After initially working as

a buyer for a distribution company, she created and developed as of the start of the 2000s within the Exacompta Clairefontaine group a range of product licenses and gift wrap, creative leisure, drawing, fine arts and educational toys. Rhyzlène Nusse is also responsible for communication and partnerships at the Clairefontaine Rhodia group, whose advertising campaigns she has been monitoring since September 2002. Finally, she created and developed the Clairefontaine-Unicef partnership to promote the education of disadvantaged children.

**Coralie de Fontenay, Director**
Coralie de Fontenay is Chairwoman of Luxury Next and is a graduate of HEC. She worked for Cartier for over 20 years, where she last served as Chief Executive Officer of Cartier France.

**Lisa Leboff, Director**
Lisa Leboff has been Administrative and Financial Director of Son et Lumière since April 2012. She previously worked as an Account Manager at Natixis Coficiné for five years. She has a Master's degree in Statistics and IT Engineering for Finance, Insurance and Risk (I.S.I.F.A.R.) from University Paris VII – Denis Diderot.

In the context of the new corporate governance arising from the restructuring operations, the following candidacies were submitted to the Appointments Committee which made its report to the Board of Directors. The Board of Directors, which ruled on the independence of the candidates, submitted the following candidates for the approval of the Combined General Meeting of April 28, 2020. Their appointment were approved by the General Meeting, and become final following the finalization of the capital increases.

- Biographies of the new members of the Board of Directors

**Luc Besson, Chairman of the Board of Directors of EuropaCorp**
Luc Besson had several jobs in the film industry in France and the United States before he started his career as producer and director in the early 1980s.
To date, Luc Besson has directed 16 feature films, including *Subway* (1985), *The Big Blue* (1988), *Nikita* (1990), *The Professional* (1994), *The fifth element* (1997), for which he received a César award for Best Director in 1998, the animation trilogy *Arthur & the Invisibles* (2006, 2009 and 2010), *Malavita (The Family)* (2013), *Lucy* (2014), the biggest worldwide commercial success for a French film to date, *Valerian and the City of a Thousand Planets* (2017) and *Anna* (2019). In May 2000, Luc Besson chaired the jury of the Cannes Film Festival, thus becoming the youngest person to chair the jury in the festival's history.
Luc Besson has also directed a number of music videos (for Mylène Farmer and Serge Gainsbourg, among others), as well as numerous commercials for world-renowned companies (including L'Oréal, Chanel, Evian, Estée Lauder, and Orange), most of which, since 1999, were through Dog Productions, a wholly owned subsidiary of EuropaCorp.
Before founding EuropaCorp, Luc Besson set up two production companies: Les Films du Loup, in 1981, with Pierre Jolivet, followed by Les Films du Dauphin, in 1989.
In addition, since 1999, Luc Besson has been a screen writer and producer for several EuropaCorp films. Besides the films he has directed, Luc Besson has written more than 30 feature film screenplays, for which he has been the producer. These include the *Taxi* series, and more recently the *Taken* series, for which the accumulated takings from the three parts to date represent $928 million worldwide (Source*: www.boxofficemojo.com*).
In 2015 for the fortieth anniversary of its creation, the Académie des César selected Luc Besson to receive the first gold medal of the French Academy of Cinema Arts and Techniques (Académie des arts et techniques du cinéma), for his artistic and entrepreneurial contribution to French cinema over the last three decades.

**James Moore – Director**
James Moore began his career at JP Morgan where he spent 16 years working on asset structuring operations and contributing to the creation of over $20 billion in securities. He then moved to the investment banking sector where he became Client Executive in the Specialist Bank and Financial Companies Department. After joining ABN Amro as head of the Asset Backed Securities Department, for the North America region, James Moore went on to work for the private bank Dresdner Kleinworten as Director General of the Financial Institutions Department for the Americas region. James Moore is a founding member of Vine Alternative Investments Group, where he is the current Chief Executive Officer and Managing Partner. He also sits on Vine's investment committee and is responsible for overseeing the company's operations.

**Jane Majeski – Independent director**
Jane Majeski is a graduate of Smith College in Northampton (Massachusetts, United States) and the University of Colombia in New York (United States) where she gained a masters in business administration (MBA) in Finance and Accounting. She began her career at Lehman Brothers in New York (United States), where she held the position of Associate in the Corporate Finance Department then Director of the Direct Investment Department. She went on to join the Swiss Bank Corporation in New York where she held the position of Director in the Merchant Banking Department where her responsibilities included managing portfolios in the media and telecommunications sector. In 1995, she joined the private bank Dresdner Kleinwort Wasserstein where she headed up a number of departments: Global Debt Origination, Global Credit Risk Management and finally Troubled Assets. From 2004 to 2015, she was Supervising Examiner at the Federal Reserve Bank in New York (United States).

**Deborah Carlson – Independent director**
Deborah Carlson is a graduate of the State University of New York in Albany (United States) and New York University (United States) where she gained a masters in business administration in Finance. She began her career at the Industrial Bank of Japan. After 16 years at Dresdner Bank where she held the positions of First Vice President - Corporate banking then Director of Capital Markets Origination, in 2004 Deborah Carlson joined Lloyds Bank Group PLC as Senior Vice President in charge of US Media and Telecommunications. Since 2016 she has held the position of Director in the Corporate Banking Department of KBC bank in New York (United States).

**Alexandra Voss – Independent director**
Alexandra Voss is a graduate of Barnard College of Columbia University in New York (United States) where she gained a bachelor degree in economics and was awarded the "CFA Charterholder" certificate by the CFA Institute. She began her career at BMO Capital Markets in New York (United States) as an Investment Banking Analyst. In 2013 she joined New Holland Capital as a Senior Portfolio Analyst. Since February 2019 she has been a Director at the Informed Portfolio Management investment fund.

### 12.1.2 Senior Management

Luc Besson, the Chief Executive Officer, was appointed as from December 31, 2017 by the Board of Directors meeting of December 1, 2017, following the end of the term of his predecessor Marc Shmuger. The Chief Executive Officer may be dismissed at any time by the Board of Directors, in accordance with the Company's Articles of Association.

The new Chief Executive Officer will be appointed in close consultation with Luc Besson. In the event of any incompatibility between this new CEO and Luc Besson to the detriment of EuropaCorp and its activities, the Board of Directors will rule on whether to retain or replace the CEO, based on the Company's interests.

Régis Marillas was appointed Deputy CEO on September 24, 2018.

### 12.1.3 Other positions and terms of office that are currently held or were held over the past five years outside the Group

| First name, last name, age and professional address | Other positions and current duties | Other positions and terms of office held over the past five years that have expired |
|---|---|---|
| Luc Besson<br>61 years<br>20 rue Ampère<br>93200 Saint-Denis | Chairman of Front Line SAS<br>Manager of Apipoulaï Prod SARL<br>Manager of Block One SARL<br>Manager of Cinégym SARL<br>Chief Executive Officer, Chief Financial Officer, Secretary and Director of Sea Side Production Company<br>Chief Executive Officer, Chief Financial Officer, Secretary and Director of Sea Side Film Company | Chairman of EuropaCorp Studios<br>Chairman of Mondialum SAS<br>Chief Executive Officer and Director of Sea Side Films Florida Inc.<br>Chief Executive Officer and Director of InterSection Movie Inc.<br>Chief Executive Officer, Chief Financial Officer and Director of Colombiana Inc.<br>Chief Executive Officer and Director of Lock Out Movie Inc.<br>Chief Executive Officer and Director of Taken 2 Inc.<br>Chairman of Malavita Inc. |
| James Moore<br>62 years<br>20 rue Ampère<br>93200 Saint-Denis | Chief Executive Officer and partner at Vine Alternative Investments Group<br>Member of the Vine Investment Committee | Nil |
| Deborah Carlson<br>62 years<br>20 rue Ampère<br>93200 Saint-Denis | Director in the Corporate Banking Department of the KBC bank in New York (United States) | Nil |
| Alexandra Voss<br>32 years<br>20 rue Ampère<br>93200 Saint-Denis | Director at the Informed Portfolio Management investment fund | Nil |

### 12.1.4 Statement on the Board of Directors and Senior Management

To the knowledge of the Company,

- No member of the Board of Directors or Senior Management has been convicted of fraud within at least the last five years or have undergone bankruptcy, receivership or liquidation in that same period;
- No member of the Board of Directors or Senior Management has been subject to charges or official public sanctions declared by the statutory or regulatory authorities (including the relevant professional bodies) within at least the last five years; and
- No member of the Board of Directors or Senior Management has been prevented by a court from serving on an issuer's administrative body or being involved in the management or running of an issuer's business within at least the last five years.

## *12.2 Potential conflicts of interest*

The Company has not identified any confirmed or potential conflicts of interest with its corporate officers and directors.

# 13 COMPENSATION AND BENEFITS

## 13.1 *Interests and compensation of corporate officers and senior executives*

### 13.1.1 Executive corporate officers

The compensation paid by the Group to executive corporate officers over the last two financial years is presented in the tables below.

| *Compensation of the executive corporate officers*[1] | | | | |
|---|---|---|---|---|
| **Luc Besson** *Chairman and Chief Executive Officer* | *March 31, 2020* | | *March 31, 2019* | |
| | *Amounts owed* | *Amounts paid* | *Amounts owed* | *Amounts paid* |
| Fixed compensation[2] | €1,330,339 | €1,330,339 | €2,594,656 | €2,594,656 |
| Variable compensation[3] | €527,965 | €824,003 | €2,011,805 | €2,239,513 |
| Exceptional compensation | - | - | - | - |
| Directors' fees | - | - | - | - |
| Benefits in kind | €900,934 | €900,934 | €1,018,987 | €1,018,987 |
| TOTAL | **€2,759,238** | **€3,055,276** | **€5,625,448** | **€5,853,156** |

*[1] It is to be noted that Régis Marillas, Deputy CEO, does not receive any compensation for this role. Moreover, a contract for the provision of services was signed with the company Gestion Management et Conseil, of which he is the Chairman, for a monthly amount of €35,000 (excl. tax). The contract took effect on October 1, 2018.*
*[2] Including director and screenwriter salaries.*
*[3] Copyrights and director's salary.*
*Since the 2015/2016 financial year, following the expatriation of the Chairman of the Board of Directors to the United States, a compensation package was approved by the Board of Directors on September 22, 2014. Since this date, Luc Besson receives compensation for his work as Chairman of the Board of Directors (largely paid for by EuropaCorp Films USA Inc.), for which the cost is exactly the same to the Group as it would have been if the annual net compensation, equivalent to €800,000, had been paid in full in France. Furthermore, several indemnities are paid to Luc Besson (accommodation, school fees, car hire fees, relocation fees and travel costs between France and the United States); these amounts must be grossed-up. In addition, at his own recommendation, Luc Besson does not receive any specific compensation as Chief Executive Officer.*

The compensation specified above for Luc Besson includes amounts received by him as Chairman of the Board of Directors, as a director of films produced by EuropaCorp and as an author of scripts whose rights have been sold to EuropaCorp. Moreover, in respect of his duties as Chairman of Front Line and Seaside Production during the financial year ended March 31, 2020, Luc Besson received, respectively, the amount of €58,371 and compensation of $12,000.

Since the restructuring, Luc Besson is no longer EuropaCorp's major shareholder. The Company is now controlled by the Vine funds with Luc Besson remaining a member of the Board of Directors where he retains the role of acting Chairman and Chief Executive Officer pending the appointment by the Board of Directors of a new Chairman and Chief Executive Officer, or a new Chairman and a new Chief Executive Officer (following consultation with Luc Besson).

Luc Besson now holds the position of Artistic Director of EuropaCorp and will oversee all production and artistic activities, including setting the editorial policy and content strategy, and select projects. In this new context, given that the ongoing relationship with Luc Besson is a key factor in finalizing the restructuring, EuropaCorp, LBP and Luc Besson have entered into a cooperation agreement in order to ensure the longevity of their relationship. This commitment is for a five-year period, to be extended automatically for a further two years at the request of the Board of Directors should the

Vine funds and affiliates remain EuropaCorp's majority shareholder or should the drag-along or tag-along mechanisms in the shareholders' agreement be exercised at a minimum price of €3.5 per share.

In particular, Luc Besson has committed to working exclusively with EuropaCorp and LBP in his roles as author, director and/or producer for any audiovisual entertainment, whether a film or series, and to giving EuropaCorp first refusal. Luc Besson must inform of and consult the Board of Directors on any other professional activities which must be limited such that the vast majority of his professional activities are for EuropaCorp and subject to the cooperation agreement. The components of Luc Besson's compensation that are independent of the films produced or distributed by EuropaCorp are as follows:

- Fixed compensation of $0.6 million per year in respect of his position as Artistic Director;

- An expatriation allowance of $1.0 million per year, similar to the expatriation allowance received prior to the restructuring.

The components of Luc Besson's compensation that are related to the films produced by LBP and distributed by EuropaCorp will be incorporated into the budgets of the various films. As was the case prior to the restructuring, they will vary significantly from one film to the next, in particular according to the nature of the film. These components include:

- As an author, Luc Besson will receive a minimum guarantee of between $400 thousand and $1,600 thousand for the English-language films, charged against 5% of the producer share of net revenue (recettes nettes part producteur - RNPP), following the amortization of the cost of the film;

- As a director, Luc Besson will be awarded a percentage of the RNPP, with a minimum guarantee of between $2,000 thousand and $6,000 thousand for English-language films, charged against 5% of the RNPP, following the amortization of the cost of the film;

- For all producers of each English-language film distributed worldwide, a range of total compensation of between $350,000 and $2 million to include any share payable to Luc Besson, has been agreed as part of the cooperation agreement.

At the end of the period of exclusivity, Luc Besson will offer EuropaCorp the option of acquiring the scripts that have not yet been produced during the exclusivity period for a minimum guarantee of $1,000 thousand to be charged against 5% of the RNPP.

Finally, under the cooperation agreement, provided that Luc Besson delivers two English-language films with international exposure to EuropaCorp each year, which EuropaCorp decides to produce, for which he holds the responsibility of author and/or director, and the budget for these two films is 100% covered by pre-sales, on each anniversary date of the cooperation agreement and for an initial five-year period from this agreement, Luc Besson will receive an annual allocation of 1% of the market capitalization of EuropaCorp paid in shares. In the event of a two-year extension to the cooperation agreement, this mechanism will continue to apply. The total amount received may not exceed 7% of the market capitalization and Luc Besson may receive this additional compensation in cash if EuropaCorp shares cannot be issued to him (in which case this amount net of tax is then to be used by Luc Besson to purchase EuropaCorp shares).

### 13.1.2 Non-executive corporate officers

The General Meeting of Shareholders of September 26, 2014 set the total amount of Directors' fees granted to the Board of Directors to €300,000 per year as from the 2014/2015 financial year, leaving the Board free to divide this amount among its members.

At its meeting of July 18, 2016, on the proposal of the Compensation and Appointments Committee, the Board of Directors decided to distribute €210,000 as Directors’ fees to the Board members for the financial year ended March 31, 2016.

During its meeting of July 17, 2017, the Board of Directors decided to distribute a total amount of €180,000 in Directors’ fees for the financial year ended March 31, 2017.

During its meeting of July 17, 2018, the Board of Directors decided to distribute a total amount of €180,000 in Directors’ fees for the financial year ended March 31, 2018.

During its meeting of July 18, 2019, the Board of Directors decided to distribute a total amount of €200,000 in Directors’ fees for the financial year ended March 31, 2019, representing an increase of €20,000. The Board decided to make this increase subject to the adoption of a safeguard plan.

During its meeting of July 28, 2020, the Board of Directors decided to distribute a total amount of €200,000 in compensation to directors for the financial year ended March 31, 2020.

Presented below are the Directors’ fees paid by the Company to the members of the Board of Directors of the Company (other than the executive corporate officers cited in Section 13.1.1 of the Universal Registration Document) over the past two financial years.

| *Directors' fees and other compensation received by non-executive corporate officers* | | |
|---|---|---|
| **Corporate officers** | *March 31, 2020*[12] | *March 31, 2019* |
| **Patrice Gassenbach** | Amount paid for his term as: **Member of the Board of Directors** | Amount paid for his term as: **Member of the Board of Directors** |
| Directors' fees | 28,668 | 33,488 |
| Other compensation | - | - |
| **Charles Milhaud** | Amount paid for his term as: **Deputy Chairman of the Board of Directors** | Amount paid for his term as: **Deputy Chairman of the Board of Directors** |
| Directors' fees | 23,890 | 33,488 |
| Other compensation | - | - |
| **Rhyzlène Nusse** | Amount paid for her term as: **Member of the Board of Directors** | Amount paid for her term as: **Member of the Board of Directors** |
| Directors' fees | 19,112 | 24,581 |
| Other compensation | - | - |
| **Front Line** | Amount paid for his term as: **Member of the Board of Directors** | Amount paid for his term as: **Member of the Board of Directors** |
| Front Line Directors' fees | 7,307 | 7,676 |
| Didier Kunstlinger Directors' fees | 12,740 | 15,347 |
| Other compensation | - | - |
| **Luc Besson** | Amount paid for his term as: **Member of the Board of Directors** | Amount paid for his term as: **Member of the Board of Directors** |
| Directors' fees | - | - |
| Other compensation | - | - |
| **Virginie Besson-Silla** | Amount paid for her term as: **Member of the Board of Directors** | Amount paid for her term as: **Member of the Board of Directors** |
| Directors' fees | 14,334 | 13,186 |
| Other compensation | 300,000 | 300,000 |
| **Grégory Ouhanon** | Amount paid for his term as: **Member of the Board of Directors** | Amount paid for his term as: **Member of the Board of Directors** |
| Directors' fees | 19,112 | 10,256 |
| Other compensation | **-** | **-** |
| **Coralie de Fontenay** | Amount paid for her term as: **Member of the Board of Directors** | Amount paid for her term as: **Member of the Board of Directors** |
| Directors' fees | 19,112 | 20,465 |
| Other compensation | **-** | **-** |
| **Lisa Leboff** | Amount paid for her term as: **Member of the Board of Directors** | Amount paid for her term as: **Member of the Board of Directors** |
| Directors' fees | 31,058 | 20,930 |
| Other compensation | **-** | **-** |
| **TOTAL directors' fees** | **175,335** | **179,417** |

### 13.1.3 Front Line

Front Line, a reference shareholder in the Company, has been a member of the Board of Directors since September 16, 2008. A more detailed description of the relations between Front Line and the Group is provided in Section 17 of the Universal Registration Document "Related party agreements".

[12] Paid in July 2020.

### 13.1.4 Compensation and benefits due at the termination of the functions of a corporate officer of the Company

There are no plans to pay any compensation or benefits to the Chairman and Chief Executive Officer and/or Deputy Chief Executive Officer should they cease to exercise their functions.

### 13.1.5 Description of the options, warrants and free shares granted to corporate officers

None.

## *13.2 Total amount of receivables provisioned or recorded by the Company or its subsidiaries for the payment of pensions or retirement or other benefits*

No significant amount has been provisioned or recorded for the financial year by the Company or its subsidiaries for the payment of pensions or retirement or other benefits to its corporate officers.

# 14 BOARD AND MANAGEMENT PRACTICES

## *14.1 Term of office of the members of the Board of Directors*

See Section 12.1.1 of the Universal Registration Document.

## *14.2 Information about contracts linking members of the Board of Directors, executive management and supervisory bodies and the issuer or any of its subsidiaries providing for the granting of benefits at contract end or an appropriate statement to the contrary*

See Section 17 of this Universal Registration Document

## *14.3 Information about the Audit Committee and the Compensation Committee*

See Subsection I.4. of Section 14.6 below.

## *14.4 Statement on the corporate governance in effect*

The Company has been unable to implement the recommendations of the corporate governance code in full given the costs associated with such recommendations in a context where the Company has drastically reduced the number of its administrative staff and where the implementation of the safeguard plan made it absolutely necessary to keep its general and administrative expenses under control.

This issue will be put to the Board of Directors following the restructuring which has just been finalized (July 28, 2020).

For more details on the corporate governance of the Company, see to Subsection I.1 of Section 14.6 below.

## *14.5 Significant potential impact on corporate governance*

Following the capital increases reserved for Vine Media Opportunities – Fund III, L.P., Vine Media Opportunities – Fund III-A, L.P., Vine Media Opportunities – Fund III-B, L.P., Vine Media Opportunities – Fund III-A AIV, L.P. (The "Vine Funds") and Falcon Strategic Partners IV, LP the composition of the Board of Directors has changed.

The Board of Directors is now made up primarily of members appointed on the recommendation of the Vine Funds. However, Luc Besson is staying on as a director and, during a transitional period, as acting Chairman and Chief Executive Officer. The new Chief Executive Officer will be appointed in close consultation with Luc Besson. In the event of any incompatibility between this new Chief Executive Officer and Luc Besson to the detriment of EuropaCorp and its activities, the Board of Directors will rule on whether to retain or replace the CEO based on the Company's interests.

### *14.6 Corporate governance and internal control*

The corporate governance and internal control procedures applicable within the Company and the Group made up by the Company and its subsidiaries (the "Group") have the following purposes:

- ensuring that management actions, operational practices and staff behaviors comply with applicable laws and regulations and are in line with the policies defined by the Company's governing bodies, as well as the values, standards and internal rules of the Company and Group;
- ensuring that the accounting, financial and management data communicated to the Company's governing bodies accurately and truly reflect the business and position of the Company and Group.

One of the objectives of internal control is to prevent and manage the risks arising from the Company's activities and the risks of errors or fraud, in particular in accounting and financial matters, including in the subsidiaries.

Like any control system, it cannot provide an absolute guarantee that all such risks will be completely eliminated, but is aimed at providing reasonable assurance in this respect.

The Group based itself on generally accepted guidelines with respect to corporate governance and internal control, in particular the AMF's Risk Management and Internal Control Guidelines for Small and Mid Caps (Cadre de référence sur les dispositifs de gestion des risques et de contrôle interne pour les valeurs moyennes et petites) updated on July 22, 2010 and its implementation guide updated on June 14, 2010.

## I – CORPORATE GOVERNANCE AND PREPARATION AND ORGANIZATION OF THE BOARD'S WORK

I.1. Statement concerning corporate governance

The Company does not abide by any specific corporate governance code. Instead, the Board of Directors draws on a certain number of recommendations of the "Corporate Governance Code for Small and Mid Caps" published in September 2016 by Middlenext (the "Middlenext Code") and the "Corporate Governance Code for Listed Companies" revised in November 2016 by AFEP and MEDEF (the "AFEP/MEDEF Code"), which it takes into account and applies whenever the measures are compatible with the Company's organizational structure and size.

To ensure transparency and for information purposes, the Board of Directors set up Rules of Procedure (available from the Company's website), last updated on July 4, 2013. These rules act as the Board of Directors' governance charter.

In application of the "apply or explain" rule provided for in recommendation 27.1 of the AFEP/MEDEF Corporate Governance Code for Listed Companies, the provisions of the Code which are not implemented, and an explanation of the reasons, are summarized in this section.

A list of the positions and offices held within the Group by each corporate officer can be found in Section 12.1.3 of the Universal Registration Document.

I.2. Senior Management structure and powers of the Chief Executive Officer

During the financial year ended March 31, 2018, the Company continued until December 31, 2017 with the governance and management system approved by the Combined General Meeting of September 16, 2008 and by the Board of Directors on October 23 of the same year, i.e. a structure with a Board of Directors and separation of the position of Chairman of the Board of Directors, held by Luc Besson, and that of Chief Executive Officer, held by Marc Shmuger, appointed by the Board of Directors on February 10, 2016, whose term of office was extended by the Board of Directors on June 26, 2017 for a period of six months.

Since January 1, 2018, Luc Besson has held the positions of Chairman of the Board of Directors and of Chief Executive Officer as permitted by Article L.225-51-1 of the French Commercial Code. He is assisted by Régis Marillas, Deputy Chief Executive Officer, since September 24, 2018, in accordance with Article L.225-53 of the French Commercial Code.

The Chief Executive Officer has the widest powers to act on behalf of the Company within the scope of the corporate purpose.

I.3. The Board of Directors

***Composition of the Board of Directors***

- *Members of the Board of Directors*

The Board of Directors is composed of 3 to 18 members, except as provided by law in the event of a merger. The members are appointed, reappointed or dismissed by the Ordinary General Meeting of Shareholders.

As of March 31, 2020, the Board of Directors consisted of eight members: Luc Besson, Chairman, Charles Milhaud, Deputy Chairman, Front Line, represented by Didier Kunstlinger, Patrice Gassenbach, Rhyzlène Nusse, Coralie de Fontenay, Lisa Leboff and Virginie Besson-Silla, Directors.
Additional information (appointment date, term of office, other offices held, age, professional background, Company shares held, etc.) on the members of the Board of Directors can be found in Section 12.1.3 of the Universal Registration Document.

As of the filing date of this Universal Registration Document, the composition of the Board of Directors has changed and it now has four new members: James Moore, Jane Majeski, Deborah Carlson and Alexandra Voss, in addition to Luc Besson. The other seven members have resigned. Additional information (appointment date, term of office, other offices held, age, professional background, Company shares held, etc.) on the members of the Board of Directors can be found in Section 12.1.3 of the Universal Registration Document.

In accordance with the Articles of Association, each member of the Board of Directors holds at least one Company share.

As of March 31, 2020, the Board of Directors included one non-voting member serving as an observer: James P. Moore.

The Board is assisted in its remit by an Audit Committee and a Compensation Committee.

- *Independent members*

In accordance with the Rules of Procedure, the Board of Directors must ensure that at least one third of its members are independent. As such, as of March 31, 2020 the Board of Directors of the Company had five independent members out of eight (Rhyzlène Nusse, Coralie de Fontenay, Lisa Leboff, Charles Milhaud and Patrice Gassenbach). It now has three out of five (Jane Majeski, Deborah Carlson and Alexandra Voss).
The criteria laid down in the Rules of Procedure to enable the Board of Directors to qualify a member

as independent are drawn from those laid down in the AFEP/MEDEF Code and are the following:
- not being an employee or corporate officer of the Company or Group, an employee or Director of a shareholder entity which controls the Company, either alone or in concert (as defined by law), or one of its consolidated companies, and not having been in that position over the previous five years;
- not being a corporate officer of a company in which the Company holds, either directly or indirectly, a directorship or in which an appointed employee or a corporate officer of the Company (at present or over the past five years) holds a directorship;
- not being a client (or being associated with a client either directly or indirectly), supplier, merchant banker, or financing banker, if the business relations are liable to compromise the exercise of the member's independent judgment;
- not having close family ties with a corporate officer of the Company or Group;
- not having been an auditor of the Company or one of its subsidiaries over the past five years;
- not having been a corporate officer of the Company for more than 12 years;
- not receiving or having received material additional compensation from the Company or Group other than Directors' fees, including the award of any stock options or any other type of performance-related compensation.

The members of the Board of Directors representing significant direct or indirect shareholders of the Company may be considered as independent if these shareholders do not control the Company within the meaning of Article L.233-3 of the French Commercial Code. However, where a member of the Board of Directors represents a Company shareholder holding, either directly or indirectly, over 10% of the Company's share capital or voting rights, the Board of Directors re-examines the member's independent status taking into consideration the composition of the Company's capital and the existence of potential conflicts of interests.
The Independent Member status is examined by the Compensation and Appointments Committee upon the member's nomination. This Committee then reports its conclusions to the Board of Directors. In the event of a change in the position of the member concerned, the Board of Directors re-examines the Independent Member status in view of the above-mentioned criteria.

- *Gender balance among members*

The Board of Directors comprises members of each sex and has made efforts to improve gender balance among its members. The Board of Directors pays close attention to the diversity of the expertise (financial, managerial, legal, etc.) in its members' profiles, as well as to age and gender. This balanced representation is essential to the proper operation of the Board of Directors.

At the General Meeting of September 26, 2014, convened to approve the financial statements for the financial year ended March 31, 2014, the shareholders were asked to appoint Rhyzlène Nusse as a new Director, to bring the minimum representation of each gender to 20%, in compliance with the provisions of Article 5 II of Act no. 2011-103 of January 27, 2011.

The Company has complied with its obligation to reach a minimum 40% of women following the first Ordinary General Meeting held after January 1, 2017, by appointing Coralie de Fontenay and Lisa Leboff as directors at the General Meeting of September 27, 2017.

As of March 31, 2020, the Board of Directors comprised four men and four women, i.e. 50% female representation. It currently comprises two men and three women, i.e. 60% female representation.

The established committees that support the Board of Directors also ensure they adhere to balanced gender representation. The Audit Committee was therefore composed of one woman and two men, as is the case for the Compensation Committee.

### *Role and practices of the Board of Directors*

The practices of the Board of Directors are governed by the legal and regulatory provisions applicable to French public limited companies with a Board of Directors, as well as the Company's Articles of Association and the Board of Directors' Rules of Procedure last updated on July 4, 2013. Adopted in the aim of improving the Company's governance rules and increasing its performance, these Rules of Procedure strive to increase the Board's involvement in strategic Company decisions and the presence of Independent Directors in the two committees tasked with examining and preparing the Board's decisions.
These rules act as a governance charter for the Board of Directors. Their purpose is to ensure the quality of the Board members' work by promoting the implementation of the best corporate governance principles and practices. They comprise a Directors' Charter, which encourages regular attendance of the members. Indeed, any Director who fails to attend three consecutive meetings may automatically be considered as having resigned by the Board of Directors.

The Board meets as often as required in the Company's interest and at least once every three months, and whenever deemed appropriate. As stipulated in the Board's Rules of Procedure, the Board examines and decides on the Company's strategic policies at least once a year. Moreover, the Chairman of the Board of Directors must convene a Board meeting within a maximum of fifteen days whenever the Chief Executive Officer, or at least one third of the Board members, requests it. If the request is unheeded, the requester(s) may convene the meeting themselves, setting out its agenda.

The Chairman of the Board organizes and directs the Board's work and ensures that its members and the staff representatives have all the information and documents they require to fulfill their duties. Any Director can obtain the documents they deem useful for the preparation of a meeting, provided they request them within a reasonable amount of time. In addition, between meetings, the Directors receive all useful information on any events or transactions which are significant for the Company.

The Chairman may not be older than 65 and is assisted by a Deputy Chairman.

In accordance with the Company's Articles of Association, decisions are taken on a majority vote of the members present or represented. In the event of a tie, the Chairman of the Board has the casting vote.

Insofar as possible and depending on the circumstances applicable, any Board decision within the purview of a committee it has set up is preceded by a referral to said committee and is only adopted after submittal of the committee's recommendations or proposals. However, this committee consultation process is not aimed at delegating the powers granted to the Board by law or by the Articles of Association, and does not reduce or limit its powers.

An attendance record is kept at the Company's registered office, stating the names of the Board members present at each meeting, either physically or through means of telecommunication or remote transmission, as well as the names of represented members. The proxies are appended to the attendance record. The minutes of each Board meeting are drawn up by the Board secretary then approved by the Chairman who submits them to the Board's approval at a subsequent meeting.
Moreover, as stipulated in the Board's Rules of Procedure, the Board conducts an annual internal evaluation of its operating procedures and work methods. Every two years, it may decide to have this evaluation carried out by an independent firm. At its meeting of July 17, 2020, the Board conducted its internal evaluation in respect of the financial year ended March 31, 2020.

### *Authority of the Board of Directors*

The Board of Directors determines the Company's strategic orientations and ensures they are adhered

to. With the exception of the powers expressly assigned to the General Meetings of Shareholders and within the limit of the corporate purpose, the Board examines all questions relating to the proper functioning of the Company and settles all matters concerning the Company.
In the aim of increasing the involvement of the Board of Directors in strategic Company decisions, the Board's Rules of Procedure include a list of decisions which must be taken by the Board. These decisions concern the following:

- drawing up the annual budget and film line-up;
- any change in strategic policy and any decision extending beyond the strategic policy approved by the Board;
- any change in the scope of the Company's activities or their content, through the creation, elimination or restructuring of business lines;
- any decision concerning the launch of insolvency proceedings involving the Company or one of its subsidiaries or the appointment of a judicial administrator;
- any management decision liable to modify the annual budget by plus or minus 20%;
- any investment or divestment, asset purchase or sale, made by the Company; any decision, agreement or commitment concerning intellectual property rights for an amount exceeding €15 million;
- any issue of marketable securities;
- any change in the annual film release schedule (line-up) resulting in a change of more than 20% in the latest estimate of income from recurring operations before taxes as presented to the Board;
- any decision to launch a production with a budget exceeding €65 million;
- any new loan of more than €15 million, except for film credit lines and film financing from specialized organizations;
- any decision or Company commitment concerning real estate rights equivalent to an annual expense of more than €2.5 million for the Company, excluding expenses and tax;
- any decision concerning the Company's recruitment, dismissal or change in the compensation of corporate officers, senior executives, or any employee whose gross annual compensation (fixed and variable) amounts to at least €400,000.

Throughout the year, the Board of Directors conducts the checks and controls it deems appropriate and may request the documents it deems necessary to fulfill its duties.

After the closing of each financial year and within the legal deadline, the Board of Directors presents a report on the year's financial statements to the annual Ordinary General Meeting convened to approve the annual financial statements and, where applicable, the consolidated financial statements.

In accordance with applicable legal requirements and regulations, certain operations may only be decided by the Chief Executive Officer after their prior authorization by the Board of Directors, in particular:

- pledges, sureties or guarantees given in the Company's name (the Board of Directors may set a total annual amount or per-commitment amount below which its authorization is not required);
- agreements coming under Article L.225-38 of the French Commercial Code.

The General Meeting of Shareholders has also approved the delegations to the Board of Directors pertaining to capital increases. All these delegations are listed in Section 19.1.3 of the Universal Registration Document.

***Board ethics***

The Board of Directors is required to act in the Company's interest in all circumstances. To ensure good corporate governance, the Board of Directors has included a Directors' Charter in its Rules of Procedure, which sets out the members' rights and obligations and must be adhered to by all members.

Before accepting their positions, all Directors must ensure that they are fully aware of their general and specific obligations, as stipulated in applicable laws and regulations, the Articles of Association, the Rules of Procedure (comprising the Charter), and any other applicable text.

The Directors' Charter reads as follows:

1. Directors must be competent, involved and committed. If a Director fails to attend three Board meetings in a row, the Board of Directors may automatically consider this Director as having resigned;
2. Directors must act in the Company's best interest in all circumstances. Directors undertake to defend and promote the Company's values;
3. Directors must dedicate the required amount of time and attention to their duties. Directors must be diligent and, where possible, attend all Board meetings;
4. Directors must attend the General Meetings of Shareholders;
5. Directors have a duty of loyalty and diligence. In this respect, the Directors undertake to:
   - inform the Board of Directors of any (potential) conflict of interest, and abstain from related discussions and voting,
   - refrain from any involvement in companies in competition with the Company and its Group, unless they have informed the Board of Directors beforehand and obtained its approval;
6. Directors have a duty of confidentiality concerning all non-public information gained while carrying out their duties;
7. Directors must ensure that they receive, in good time, all documents and information required for the fulfillment of their duties. It is up to each Director to request such documents and information from the Chairman of the Board of Directors. Any Director who deems that the information provided was insufficient may ask the Chairman or Board of Directors to suspend its decision;
8. Directors must have the broadest possible knowledge of the Company's specific characteristics, businesses and industry, and they must ensure that they have the up-to-date knowledge required for the proper performance of their duties;
9. Directors must ensure that they retain their independence and freedom of judgment, decision and action in all circumstances. They undertake not to be influenced by any factor that may be detrimental to the corporate interests they are required to defend;
10. Directors undertake to avoid any conflict between their own personal and material interests and those of the Company. They shall inform the Board of Directors of any conflict of interest in which they may be involved. In such cases, they shall abstain from any discussions and decisions on the matters concerned.

***Meetings of the Board of Directors during the financial year ended March 31, 2020***

The Board of Directors met ten times during the financial year ended March 31, 2020, with on average seven Directors present and an average attendance rate of 89%.

The staff representatives were convened and attended all Board meetings. The Statutory Auditors were convened and attended the Board meetings held to examine the Group's quarterly and annual financial statements.

Three Board meetings have been held since the end of the 2019/2020 financial year.

I.4. Organization and functioning of Board committees

The Company's Board of Directors has set up two internal specialized committees: the Audit Committee and the Compensation and Appointments Committee. These committees' operating procedures are governed by specific stipulations in the Board of Directors' Rules of Procedure.

In particular, each committee may, for the performance of its duties, obtain from the Company any document it deems useful for its purposes, interview any or all of the members of the Board of Directors, the Chief Executive Officer or any other person as it deems useful, or seek the assistance of any third party (expert, consultant, lawyer or Statutory Auditor) in its meetings. Each committee may invite any or all of the members of the Board of Directors and the Chief Executive Officer to its meetings. For the committees' deliberations to be valid, at least half of its members must be present.

The length and frequency of meetings must be such that they allow for in-depth review and discussion of the topics within the purview of the committee. Decisions are taken by a majority vote of the committee members and are recorded in minutes signed by the Chairman and a committee member attending the meeting.

The committee members make all recommendations they deem appropriate to improve the functioning of the committees.

***Audit Committee***

- *Authority of the Audit Committee*

The Audit Committee helps the Board ensure the accuracy and fair presentation of the Company's separate and consolidated financial statements and the quality of the information provided. In particular, for the preparation of the Company's separate and consolidated financial statements (annual and half-year), as well as for the preparation of any decision concerning the Company's financial statements, the Audit Committee is tasked with making any recommendation or proposal to the Board of Directors in all of the following areas:

Review and control of the financial statements, for the purpose of assisting the Board of Directors in its review and approval of the annual and half-year financial statements:
- review of the scope of consolidation, accounting methods and control procedures;
- review of the half-year and annual financial statements, including the analysis of provisions, material disputes, material risks and off-balance sheet commitments;
- review of the accounting positions taken for the recording of material operations;
- opinion given to the Board of Directors on any significant changes planned in accounting methods;
- review of the Group's financial structure.

Monitoring of the Statutory Auditors' assignment:
- steering of the Statutory Auditor selection procedure;
- opinion given to the Board of Directors on the draft proposals to be submitted to the General Meeting concerning the replacement and reappointment of Statutory Auditors;
- review of the fees paid to the Statutory Auditors to make a recommendation to the Board of Directors;
- compliance check to ensure the independence of the Statutory Auditors.

Monitoring of the internal audit:
- opinion on the role and organization of the Group's internal audit, and on its action plan if a significant change takes place within the organization;
- review of the work carried out by the internal audit team.

In support of the above-mentioned assignments:
- review of the procedures used for the provision of information to shareholders and the market;
- review of the organization and implementation of internal control procedures within the Group;
- notice prior to the following decisions of the Board of Directors: preparation of the annual budget; decision tending to initiate insolvency proceedings for the Company or one of its subsidiaries or

the appointment of a judicial representative; management decision of a nature to modify the annual budget approved by the Board by more or less than 20%; issue of transferable securities; subscription to new loans of an amount in excess of €15 million, excluding a credit line for films and excluding financing of films with specialized organizations; decision or commitment related to real estate rights for the Company equivalent to a charge for the Company in excess of €2.5 million on an annual basis excluding charges and taxes.

- *Audit Committee operating procedures*

The Audit Committee meets at least four times a year and whenever it deems it necessary. It also meets prior to any Board meetings set to examine an issue related to its duties. The length and frequency of meetings must be such that they allow for in-depth review and discussion of the topics within the purview of the committee.

Once a year, the committee receives the Company's Statutory Auditors, in the absence of the Company's executive officers if appropriate. In the performance of its duties, the Audit Committee and in particular its Chairman has regular exchanges with the Company's Chief Financial Officer.

- *Composition of the Audit Committee*

The Audit Committee is composed of a maximum of five members, of which at least two thirds are Independent Members. Moreover, no corporate officer with executive duties may be a member of the committee. The members of the Audit Committee must be chosen on the strength of their accounting and financial expertise.

As of March 31, 2020, the Board of Directors appointed three members to the Audit Committee: Charles Milhaud, Chairman of the committee, and Deputy Chairman of the Board, Patrice Gassenbach and Lisa Leboff, members of the Board of Directors. The committee thus comprises three Independent Members out of three, and one woman.

As of the filing date of this Universal Registration Document, the members of the Audit Committee are in the process of being appointed by the Board of Directors.

- *Audit Committee meetings during the financial year*

The Audit Committee met six times during the 2019/2020 financial year, compared to five times in the previous year. Moreover, the Audit Committee has met once since the year-end close.

***Compensation and Appointments Committee***

- *Authority of the Compensation and Appointments Committee*

The duties of the Compensation and Appointments Committee include the following:
- making any recommendation to the Board of Directors on the compensation of Board members including the Chairman and Deputy Chairman, the compensation of the Chief Executive Officer and Deputy CEOs, as well as the rule for determining their variable components, and fringe benefits such as retirement schemes and benefits in kind;
- being informed of the severance indemnities envisaged for the Company's senior executives and corporate officers, and giving an opinion on this matter to the Chairman of the Board of Directors;
- making recommendations to the Board of Directors on the policy governing the award of stock options and free shares, concerning all categories of beneficiaries, and in particular, concerning the Company's Chief Executive Officer and Deputy CEOs; making recommendations about the timing of the awards and the award procedures;

- giving an opinion prior to the appointment, re-appointment or dismissal of the Board members and Chairman, the committee members and Chairman, the Chief Executive Officer and the Deputy CEOs, as to their expertise, availability, suitability and complementarity with the other members of the Board of Directors and Senior Management;
- giving an opinion prior to any Board decision concerning the recruitment, change in compensation, or dismissal by the Company of any senior executive or employee whose total annual gross compensation (fixed and variable) amounts to at least €400,000;
- proposing the status of Independent Member for the Board members concerned;
- performing checks to ensure compliance with independence criteria, giving an opinion on the matter and, where appropriate, advising the Chairman of the Board of Directors on the number of Independent Members;
- being able to put forward a proposal at any time for a successor to the Chairman of the Board of Directors in the event of an unforeseen vacancy.

- *Functioning of the Compensation and Appointments Committee*

The Compensation and Appointments Committee meets at least once a year and, in all cases, prior to Board meetings set to examine an issue relating to its duties. The length and frequency of the Compensation and Appointments Committee meetings must be such that they allow for in-depth review and discussion of the topics within the purview of the committee.

- *Composition of the Compensation and Appointments Committee*

The Compensation and Appointments Committee is composed of a maximum of five members, the majority of which must be independent. Furthermore, no executive corporate officer may sit on this committee. The Chairman and the Deputy Chairman of the Board may be members of the Compensation and Appointments Committee but cannot take part in the committee meetings dealing with their own compensation. Moreover, this committee cannot be chaired by the Chairman of the Board of Directors.

The Compensation and Appointments Committee had three members as of March 31, 2020: Charles Milhaud, Deputy Chairman of the Board of Directors, Didier Kunstlinger, permanent representative of Front Line, and Rhyzlène Nusse, Director. The meetings are chaired by Charles Milhaud. The committee thus comprises two Independent Members out of three, and one woman.

The committee met once during the financial year, as it did in the previous year.

Moreover, since March 31, 2020, the committee has met once.

The Compensation and Appointments Committee had three members in the financial year ended: Charles Milhaud, Deputy Chairman of the Board of Directors, Didier Kunstlinger, permanent representative of Front Line, and Rhyzlène Nusse, Director. The meetings were chaired by Charles Milhaud. The committee thus comprised two Independent Members out of three, and one woman. As of the filing date of this Universal Registration Document, the members of the new committee are in the process of being appointed.

<u>I.5. Principles used to set the compensation and other benefits granted to corporate officers</u>

***Directors' fees paid to the members of the Board of Directors***

The members of the Board of Directors may be granted Directors' fees in the form of a fixed annual compensation set by the General Meeting and maintained until a new GM decision.

The Directors' fees are divided among the members of the Board of Directors as it sees fit. The apportionment takes account of factors such as the Directors' actual attendance at Board meetings, and their participation in the Audit Committee or Compensation and Appointments Committee. Members of these committees may be allocated larger amounts than other Board members.
The Board decides on the compensation to be allocated to the Chairman and Deputy Chairman. The member of the Board of Directors cannot receive any compensation, whether permanent or not, other than Directors' fees, exceptional compensation for assignments or positions entrusted to them by the Board, and the compensation allocated to the Chairman and Deputy Chairman. However, the Board may allow reimbursement of travel expenses and the expenses incurred by its members in the Company's interest.

The General Meeting of September 26, 2014 set the total amount of Directors' fees granted to the Board of Directors to €300,000 per year as from the 2014/2015 financial year, leaving the Board free to divide this amount among its members.

At the Board meeting of July 18, 2016, on the proposal of the Compensation and Appointments Committee, the Board of Directors decided to distribute €210,000 as Directors' fees to Board members for the financial year ended March 31, 2016.

At the Board meeting of July 17, 2017, on the proposal of the Compensation and Appointments Committee, the Board of Directors decided to distribute €180,000 as Directors' fees to Board members for the financial year ended March 31, 2017.

At the Board meeting of July 17, 2018, on the proposal of the Compensation and Appointments Committee, the Board of Directors decided to distribute €180,000 as Directors' fees to Board members for the financial year ended March 31, 2018.

At the Board meeting of July 18, 2019, on the proposal of the Compensation and Appointments Committee, the Board of Directors decided to distribute €200,000 as Directors' fees to Board members for the financial year ended March 31, 2019, amounting to a €20,000 increase. The Board decided to make this increase subject to the adoption of a safeguard plan.

During its meeting of July 28, 2020, the Board of Directors decided to distribute a total amount of €200,000 in compensation to directors for the financial year ended March 31, 2020.

***Other compensation***

The Chairman of the Board of Directors is the only Board member to receive any compensation in respect of his office. Consequently, he does not receive Directors' fees. Furthermore, the Chairman of the Board of Directors does not hold a salaried position within the Group.

During the financial year ended March 31, 2020, the Chairman's gross compensation amounted to €1,330,339 (including his salary as director and screenwriter), excluding non-cash benefits which amounted to €900,934 for the period.

Additional information on the compensation paid to the Company's executive corporate officers is set out in Section 13 of the Company's Universal Registration Document, including the information required under the AFEP/MEDEF Code recommendations.

I.6. Procedures regarding shareholder participation at General Meetings

Company shareholders can take part in the General Meetings in accordance with the provisions of Article 19 of the Articles of Association, summarized below.

General Meetings are convened according to the conditions set by applicable laws and regulations. They may be convened by the Board of Directors.

The agenda of the Meeting is set by the party calling the Meeting. Shareholders may request the inclusion of draft resolutions on the agenda, under the conditions set by applicable laws and regulations.

All shareholders, irrespective of the number of shares they hold, have the right to attend the General Meetings and take part in the vote, either in person, by proxy or by post, subject to their registration in the Company's ledgers. These formalities must be completed by the second business day preceding the Meeting, at 00:00 Paris time. The Board of Directors may bring this deadline forward to the benefit of all shareholders.

As an alternative to personal attendance at the Meeting, shareholders may choose one of the following three options:

- be represented by another shareholder or by their spouse;
- vote by post;
- forward a proxy to the Company without naming a proxy holder, under the conditions set by applicable laws and regulations.

Company shareholders who are not French residents may be registered in the Company's ledgers and be represented at the Meeting by any intermediary registered on their behalf and holding a general power of attorney for the management of their securities. This, however, requires the intermediary to have declared its capacity to hold shares on behalf of third parties with the Company or with a financial intermediary prior to opening an account, in accordance with applicable legal and regulatory requirements.

The Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by the Chief Executive Officer. In their absence, the Meeting is chaired by the Deputy Chairman of the Board of Directors or by a specially appointed Board member.

On the decision of the Chief Executive Officer, shareholders may take part in the Meeting by videoconference, and vote by any means of telecommunication or remote transmission including the Internet, under the conditions set by the applicable regulations at the time of their use. This decision is announced in the notice of meeting published in the French official gazette (BALO).

The shareholders who, within the required time limit, use the electronic voting form provided on the website set up by the organizer of the Meeting, shall be deemed equivalent to the shareholders present or represented by a proxy.

## I.7. Factors likely to have an impact in the event of a public offer

Pursuant to Article L.225-37 of the French Commercial Code, the factors likely to have an impact in the event of a public offer are set out and explained in accordance with Article L.225-100-3 of the Commercial Code in the Company's Universal Registration Document (see the cross-reference table presented in the Appendix to the Universal Registration Document).

## I.8. Implementation of the "apply or explain" rule

In application of the "apply or explain" rule provided for in recommendation 27.1 of the AFEP/MEDEF Corporate Governance Code for Listed Companies, the provisions of the Code which are not implemented, and an explanation of the reasons, are summarized in this chapter.

Article 23 of the AFEP/MEDEF Corporate Governance Code for Listed Companies, recommends that non-compete agreements be signed with executive corporate officers.

The signing of non-compete agreements is intended to restrict the freedom of executive corporate officers to take on duties at a competitor. This protects the Company and requires a financial counterparty for the executive.

However, the Company, wishing to maintain its appeal for leading corporate executives and aware that it is one of the only vertically-integrated independent studios in Europe, did not feel that it was necessary to implement the recommendation.

**II – INTERNAL CONTROL PROCEDURES**

The agreements entered into with related parties and the agreements entered into with members of the Board of Directors or Management are presented in Section 17 of the Universal Registration Document.

<u>II.1. Objectives and scope of the internal control procedures</u>

***Definition***

The Group's internal control system is designed to ward off the specific risks arising from the Group's main businesses.

The internal control procedures aim to provide reasonable assurance regarding the achievement of the following objectives:
- compliance with applicable laws and regulations;
- control of the Group's businesses and processes and achievement of the strategic and operational objectives it has set;
- reliability, quality and availability of financial information;
- protection of the Group's assets, human resources and brands.

***Limitations of the internal control system***

Like any control system, the internal control system, however well designed and implemented, cannot provide an absolute guarantee of the achievement of the Company's objectives or fully ensure that the risks of errors or fraud, especially in accounting and financial matters, have been totally eliminated.

***Scope***

The internal control procedures are generally defined by the parent company, EuropaCorp SA, for the Group.

The control procedures described in this report thus concern the following companies consolidated by EuropaCorp: EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Dog Productions, Intervista, Ydéo, Roissy Films, EuropaCorp TV, EuropaCorp Television, Blue Advertainment, Blue Event, Digital Factory, EuropaCorp Aéroville, EuropaCorp Films USA, Valerian and Valerian Holding.
The management of most of the Group's subsidiaries is centralized at the registered office. Consequently, these entities apply the parent company's rules and procedures.

II.2. Identification of risks and formalization of the internal control procedures

*Identification of risks*

The Management Control unit has drawn up a map of the risks and processes. This mapping procedure aims to identify the main management processes and the related potential risks. The appraisal of these risks has made it possible to identify the controls required to prevent their occurrence and to define the objectives of the Group's internal control procedures and their implementation methods. This document is updated on a regular basis, in particular concerning job titles, delegations of signing authority with third parties and banks, the payment ceilings authorized and the description of the new controls set up.

Overall, the goal of the new rules is to submit to a single management line all of the commitments liable to be undertaken by the Group. Only the Chief Executive Officer is now empowered to commit the Group, except where he has delegated his signing authority. Likewise, the delegation ceilings have been reduced. Moreover, EuropaCorp serves as Chairman in each of its consolidated subsidiaries (simplified joint-stock companies). This reinforces the control procedures by aligning all of the subsidiaries' decision-making processes with those of the parent company.

*Formalization of control procedures*

The procedures describing the controls to be carried out concerning operational risks and, in particular, those identified in the mapping of risks and processes, have been laid down in writing and communicated to all department and subsidiary managers. The Company's Chief Executive Officer controls the proper implementation of these procedures with the means at his disposal.

The procedures relating to the control of other types of risks are communicated or made available to staff, mainly via the Company's intranet. Such is the case for the procedures concerning the treatment of all CNC-related files, the professional expense policy, and the accounting procedures for special operations.

The internal control procedures laid down by the Group are reviewed on a regular basis via quarterly tests to appraise their proper implementation and relevance. Moreover, they are updated whenever this proves necessary. The update concerns the description of the processes and risks, as well as the presentation of the controls carried out. It also includes the description of any new controls set up. It is communicated to Group staff. These procedures are handed out to any new employees concerned.

*Other internal control measures*

In addition to the formal internal control procedures, such as the ones described above, which have been laid down in writing and are communicated to the various internal control players, the Group has laid down a certain number of rules and principles concerning the behavior of its employees and corporate officers.

- *The Group's Rules of Procedure*

EuropaCorp's Rules of Procedure include certain rules of professional ethics and promotes a certain number of principles, good practices and values to be adopted by all employees of EuropaCorp and its subsidiaries in the daily performance of their duties.

- *The Company's market ethics charter*

Following the Company's stock exchange listing, a market ethics charter was circulated, setting rules for corporate officers, related persons and Company insiders (as defined therein) concerning

transactions in Company stock.
It aims to draw their attention to the applicable laws and regulations in this concern, and their requirement to strictly comply with them, as well as the penalties for disregard of these laws and regulations, and to set up preventive measures allowing everyone to invest in Company stock while abiding by market integrity rules.

The Company's ethics officer is tasked with transmitting the charter, by any means, to each corporate officer, related person and Company insider, specifying their status (corporate officer, insider or related person). An up-to-date ethics charter was sent to all persons concerned in January 2012.

II.3. Internal control procedures

To achieve its operational and financial targets, the Group has set up a certain number of organizational and internal control measures within the framework of the general organization described below.

The Company's internal control is chiefly ensured by the Board of Directors, the Audit Committee, the Chief Executive Officer, the operational managers of Group companies, and the Group's Financial and Legal Departments, as well as all employees in general. These various players are instrumental in the control of the activities and associated risks in their areas of responsibility.
It is to be noted that the Company has not set up an internal audit department. The internal control tests are performed by the Management Control unit.

***Board of Directors' role in the implementation of internal control***

On September 16, 2008, EuropaCorp changed its legal form to become a French public limited company (société anonyme) with a Board of Directors.
The Board members have regular access to information concerning all the Group's businesses. They thus have access to sales figures for the main businesses (box office revenue, international sales, television and video sales). The Finance Department sends business reports to the members of the Audit Committee. These reports give them a good grasp of the Group's medium- and long-term objectives, associated risks, and the measures set up to achieve the objectives.

The Board of Directors controls the Chief Executive Officer's management of the Company and decides which operations he cannot carry out without its prior authorization, in strict compliance with legal requirements and the Company's Articles of Association. The Board of Directors also examines the Group's annual budget. The Board committees support the Board of Directors in its duties.

The Audit Committee thus reviews the Group's half-year and annual financial statements, while the Compensation and Appointments Committee appraises any operation related to the compensation of corporate officers or any other operation for the benefit of employees such as decisions to award free Company shares or stock options.

***Functional and operational committees***

A Management Committee was set up in the course of the 2010/2011 financial year. It currently includes Senior Management, the Deputy Chief Executive Officer, the Information Systems and Technical Director, the Legal Department Director, the Human Resources Director, the Film Administration Manager, the Sales Director, the Digital Factory Director and the Chief Financial Officer. This committee meets once a week for an hour.
In parallel with these Management Committee meetings, weekly meetings naturally take place between the Deputy Chief Executive Officer and the Operational Managers of each department to

ensure that the Group's projects and activities are making good progress and are implemented in compliance with the procedures.

***Main departments targeted by the internal control and risk management procedures***

- *Corporate Secretariat*

Mainly in charge of the human resources and legal procedures concerning the Group's organization, the Corporate Secretariat ensures that the Group complies with its obligations in respect of labor law and corporate law. Following the departure of the Corporate Secretary in January 2012, this position is now held directly by the Chief Executive Officer.

- *Finance Department*

The Finance Department is in charge of preparing the financial statements and consolidated reports and takes part in the budgeting process. To this effect, the Finance Department strives to prevent the associated risks from materializing.
Accordingly, detailed trend charts for each film and business are used every month to detect any budget under/over runs, in order to rapidly implement the required corrective actions.

Moreover, in collaboration with the Treasury and the Management Control unit, the Finance Department analyzes the Group's cash position on a regular basis. The Chief Executive Officer is immediately informed of any potential cash-flow risk concerning investments.

The Finance Department is also tasked with controlling the cost of operations conducted by the Group in foreign currencies. To this effect, several foreign exchange hedging transactions were carried out during the financial year on future revenue, in particular to fulfill the Group's obligation to hedge its syndicated credit line.

- *Treasury Department*

The Group's Treasury Department, coming under the direct authority of the Chief Financial Officer, is tasked with ensuring that the Company has adequate sustainable sources of funding to meet its needs:
- through weekly cash position statements and forecasts;
- through an analysis and regular update of 12-month cash flow forecasts: to improve internal control procedures, this analysis is now conducted by the Group's Management Control unit in close coordination with the Group's Treasury Department.

It also performs the following duties:
- daily management of accounts (as at value date);
- tracking of financial transactions;
- tracking of foreign exchange and interest-rate hedging operations. The Group's Treasurer and the Chief Financial Officer or the Deputy Chief Executive Officer are authorized to carry out stock exchange transactions up to €5 million except in the event of express authorization from the Chief Executive Officer.

Bank reconciliations enable to check and validate Company outgoings. They are carried out on a regular basis by each entity's accounting department under the responsibility of the Group's Chief Accountant.

The risk of internal fraud is reduced through a countersigning system for all of the means of payment used by the Company and its subsidiaries, which requires the signature of two authorized signatories to commit the Company. The authorizations are updated on each change of signatory. Moreover, beyond certain limits, only the Chief Executive Officer can commit the Company.

The Company implements a conservative cash management policy. The Treasury Department safely invests available assets in short-term money market UCITS, deposit certificates, term accounts or commercial paper, depending on future investment needs.

Fluctuations in interest rates and foreign exchange have a direct impact on EuropaCorp's operations. The Treasury Department's role is to limit that impact, in view of market expectations.

The short- and long-term financing activities (such as credit lines specialized in the financing of productions) are performed by the Finance Department. The development of the debt, in particular concerning production liabilities, as well as hedging operations, is also specifically tracked by the Treasury Department.

- *Legal Department*

The Legal Department is in charge of the formalization and drafting of all activity-related contracts. It also tracks pre-litigation files and contract-related disputes in close collaboration with law firms.

The Group takes the required measures to prevent all risks stemming from unanticipated or misidentified changes in the legal and regulatory framework applicable to it.

To protect the Group from such risks, the Group's Legal Department monitors legal and regulatory developments, in the aim of guaranteeing the compliance of all Group activities with the rules applicable to them.

- *EuropaCorp's IT Department*

This department manages the Group's IT network, as well as specific applications developed internally and software acquired from external service providers. In order to identify any IT issues or risks to which the Group is or may be exposed, the IT Department has drawn up a map of the IT systems, which it regularly updates.
Concerning IT security procedures, EuropaCorp regularly acquires new tools which enable it to:
- improve daily data backup in a secure external environment;
- run applications in a secure room;
- protect the Company's network through firewalls and antivirus solutions.

Moreover, the Group has control procedures which secure the production and processing of accounting and financial data. In recent financial years, it has invested in software dedicated to film administration, accounting and consolidation, in order to cope with the growing flow of information.

<u>II.4. Internal control procedures dedicated to the production and processing of accounting and financial data</u>

The purpose of these internal control procedures is to define and implement the accounting policy, the management of resources and the control of existing constraints in order to meet the Company's objectives.

The accounting and financial data is produced by the Finance Department, which is in charge of Corporate Accounting, Group Management Control and the Treasury Department.

***Management Control players***

Group Management Control is organized according to the Group's operational and functional divisions. It relies on Corporate Controllers who cover the various departments and subsidiaries:

- a Management Control Officer tasked, inter alia, with supervising the entire control procedure carried out by his or her team;
- two controllers or rights-holder managers sharing the following tasks: the monitoring of third parties, functional and operational management control, the consolidation of the financial statements and budget, operational and financial reporting, and business monitoring.

The Management Control unit is part of the Finance Department.

The cost accounting of Group companies is organized on a per-production basis. This structure allows compliance with the accounting rules concerning the amortization of films, as well as the calculation of the royalties payable to third parties. It also allows detailed follow-up of the direct margin for each production.

***Management report: quarterly budget control and dashboards***

Revenue is recognized at the end of each quarter. The accounts are closed at the end of each half-year, while Group consolidation is done half-yearly and annually.

A detailed monthly report enables to identify budget under/over runs for each operational and functional entity, and update the year-end consolidated gross operating margin forecast (before film amortization expenses and royalties), according to the results already recorded since the beginning of the financial year and the updated results forecast for each activity.

On a quarterly basis, the Chief Financial Officer or Deputy Chief Executive Officer, in close collaboration with the Management Control Officer, reports to the Audit Committee and possibly the Board of Directors on the analysis of the consolidated dashboards.

There may be significant discrepancies between operating margin forecasts (before film amortization expenses and royalties) and the operating margin actually recognized. This is due to the nature of the Company's business. This applies to all the film-related businesses. Major uncertainties giving rise to upward or downward fluctuations include the following: the success of film releases in French cinemas, and videos in France (also including sequel forecasts), the set-up of anticipated or new action plans for TV activities in France and the performance of international sales (compliance with delivery timeframe and the amount and pace of royalties are difficult to predict).
Moreover, the average amortization expense budgeted for is not updated in the monthly report due to the associated workload and available tools. It is nevertheless a significant expense within the operating margin.

Most of the accounting entries are automatic entries recorded upstream by trade-specific software. The Group's Chief Accountant carries out regular checks on all accounts, including through controls and spot checks on book entries.

***Annual business plan***

The Finance Department organizes the planning process and defines its principles and timetable with the Chief Executive Officer.

On behalf of the Group's Operational and Functional Managers, the Chief Executive Officer presents to the Board of Directors the strategy and objectives adopted for the Group for the upcoming year, as well as the detailed budget required for their achievement, as defined by the financial teams. During this stage, adjustments may be made.
The approved budgets are used as a reference for the expenses planned for the upcoming financial year.

*Update of the annual business plan*

As the films are released and based on updated business forecasts, the Management Control unit conducts a "forecast update" of the annual results during the first quarter of the financial year. This forecasting system informs the Chief Executive Officer of the possible impact of any business changes and provides a forecast of the Group's revenues and operating margin.

*Closing of the separate financial statements*

The year-end closing of the separate financial statements is carried out according to a schedule set by the Finance Department, detailing the tasks to be performed by each functional unit and the associated deadlines.
Cost accounting, general accounting and subledger accounting are centralized and performed via a reliable software solution widely used by listed companies. Budget accounting is done outside this software. The accounting teams file and record all accounting operations and documents via financial IT systems placed under the authority of system administrators.
The films are amortized on the basis of current and future revenues. The revenue projections are determined on each closing date by the relevant operational managers, before being reviewed by the Finance Department and the Chief Executive Officer.
The Finance Department produces closure files including a dynamic analysis of all statement of financial position items and certain Income Statement items. The changes recorded in comparison with the previous financial year are subject to comments which provide further details on EuropaCorp's business.

*Consolidation of financial statements processes and financial reports*

Since March 31, 2006, the Group's consolidated financial statements have been produced in accordance with international accounting standards (IFRS) adopted by the Group since its IPO, which took place during the financial year ended March 31, 2008.
The year-end closing of the consolidated financial statements is carried out according to a schedule set by the Finance Department. The consolidation of the financial statements is done via consolidation software which acts as a structuring tool implementing the regularly updated accounting rules and principles.
The Group's subsidiaries use the management principles set by the Group for the requirements of the separate and consolidated financial statements. The consolidation documents of the Group's entities are produced by the subsidiaries' accountants. Much of the control work is carried out via the consolidation system configured to include numerous controls, some of which are restrictive.
The consolidated financial statements are produced by the Finance Department for the whole of the Group. It ensures that the source information provided by the subsidiaries is consistent and strives to guarantee, to the best of its ability, that the consolidated financial statements have been prepared in accordance with current standards and regulations and that they give a fair presentation of the Group's business and financial position. The Group's consolidated financial statements are published half-yearly and annually. To this effect, they are reviewed by the Group's financial control unit before a limited review or audit, then approved by the Board of Directors, based on the Audit Committee's observations.

*Identification of off-statement of financial position commitments*

On the closing of the half-year and annual financial statements, the Finance Department collects the information required to report on consolidated off-statement of financial position commitments from all Company departments and Group subsidiaries.

*Monitoring of tangible assets*

The Group's assets are monitored via accounting software. On a regular basis, asset reviews are conducted to verify the reality and fair value of the tangible assets.

***Valuation of subsidiaries and equity interests***

An annual impairment test is performed on the Group's main acquisitions to ensure that their net book value matches their fair value. Fair value is the higher of recoverable amount and value in use. Value in use is determined using the discounted future cash flow method based on the principles detailed in the Group's financial statements.

***Financial communication***

Financial communication rests on the general principles and good practices of financial communication laid down in the Financial Communication Framework and Practices guidelines (written by the Financial Communication Observatory [Observatoire de la communication financière] under the aegis of the AMF). Before the announcement of the half-year and annual results, the Company observes a quiet period of two weeks during which it has no contact with analysts or investors.

***Monitoring of corporate officers' expense accounts***

A new procedure for reviewing corporate officers' expense accounts was introduced by the Company during the financial year ended March 31, 2012. All of the expenses are now reviewed periodically and checked by the Chairman of the Audit Committee.

II.5. Expected developments

In order to supplement and reinforce existing internal control measures, the processes were assessed over recent financial years. The previously established process to identify the controls and operations aimed at preventing risks and detecting anomalies, as well as the mapping of risks and key processes, are updated on a regular basis. Instructions to this effect have been given to the Operational Managers concerned.

The Chief Executive Officer is continuing his efforts to implement all improvements liable to maintain or increase the reliability of operational and financial information within the Group.

II.6. Related-party agreements

The information on agreements signed, directly or through intermediaries, between (i) one of the corporate officers or one of the shareholders holding more than 10% of the voting rights of a company and, (ii) another company whose share capital is over 50% owned, directly or indirectly, by the first company, with the exception of agreements relating to day-to-day operations and signed under normal conditions, is provided in the Statutory Auditors' report on related-party agreements.

Since June 10, 2019, the French Commercial Code requires that a process be established for the regular assessment of agreements involving day-to-day operations contracted under normal conditions. The establishment of this type of procedure was made official by the Board of Directors of July 18, 2019.

# 15 EMPLOYEES

## *15.1 Employment*

- *Reporting scope*

For the reporting of all social data, the scope used for the 2019/2020 financial year is that of the Group's scope of consolidation on March 31, 2020, including the two subsidiaries based in Los Angeles, whose workforce accounts for 7% of the Group's workforce.

- *Breakdown and growth of the workforce*

As of March 31, 2020, the EuropaCorp Group employed 41 people (excluding casual staff), including two new employees (i.e. 5% of the total workforce).

The Group's workforce was down 23% in the financial year ended on March 31, 2020, in particular due to the reorganization in the United States.

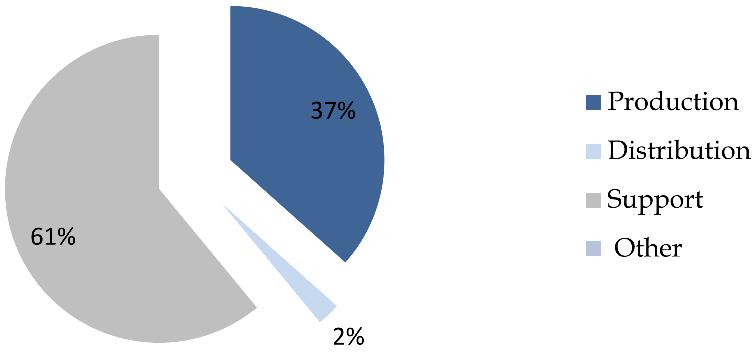
Breakdown of workforce per company:

| | **Workforce as of March 31, 2020** | **Workforce as of March 31, 2019** | **Workforce as of March 31, 2018** | **Workforce as of March 31, 2017** |
|---|---|---|---|---|
| EuropaCorp SA* | 28 | 34 | 48 | 70 |
| EuropaCorp Distribution* | 0 | 0 | 3 | 3 |
| EuropaCorp Home Entertainment* | 0 | 0 | 1 | 2 |
| Roissy Films***** | 0 | 0 | 3 | 3 |
| Ydéo* | 0 | 0 | 1 | 2 |
| EuropaCorp Television**** | 0 | 0 | 0 | 15 |
| EuropaCorp Aéroville*** | 0 | 0 | 0 | 0 |
| Blue Advertainment* | 0 | 0 | 0 | 0 |
| Blue Event* | 0 | 0 | 0 | 0 |
| Digital Factory* | 10 | 11 | 16 | 16 |
| EuropaCorp Films USA | 3 | 9 | 14 | 19 |
| EuropaCorp Television USA | 0 | 0 | 3 | 4 |
| **Total** | **41** | **54**** | **89**** | **134**** |

** Companies included in the Economic and Social Unit (UES).*
*** One person working for two subsidiaries.*
**** This subsidiary, which sold its business on 12/14/2016, had 41 employees.*
***** This subsidiary, which sold its business on 01/15/2018, had 13 employees as of the disposal date.*
****** This subsidiary sold its film exploitation business during the 2018/2019 financial year and had three employees as of the disposal date.*

The workforce breakdown based on EuropaCorp's production and distribution activities was as follows on March 31, 2020:

## Workforce by activity




As of March 31, 2020, employees directly involved in the film-making process (distribution and production) accounted for 39% of the workforce. A total of 37% of the Group's employees work in production activities (this does not include casual staff – see hereunder) and 2% work in distribution activities.
The support functions account for 61% of the workforce and handle all Group management activities (finance, accounting, legal affairs, IT, corporate services, etc.).
Almost all (98%) of EuropaCorp Group's employees are on permanent employment contracts. Executives accounted for 73% of the workforce versus 72% on March 31, 2019. 95% of employees work full time. Overall, the workforce comprised 37% women (including 67% of executives) and 63% men (including 77% executives).

The average age of the employees present on March 31, 2020 was 40, the same as on March 31, 2019. At March 31, 2020, 2% of the Group's workforce was under the age of 28 and 15% was 50 and over.

The average length of service within the Group was nine years as of March 31, 2020.

- *Casual staff*

In addition to Group employees, EuropaCorp calls on casual staff for the production of its films and TV series and ancillary activities.
In the case of line production, the casual staff is hired directly by the Group which assumes employer's responsibility. In the case of delegated production (non-line) or when the Group takes part in a production as financial co-producer, the employer's responsibility is assumed by the line producer under the management of the executive producer.

Concerning the casual staff hired directly by the Group, EuropaCorp abides by the French Labor Code and the terms agreed upon on February 22, 2010 and May 25, 2010 within the framework of the national collective agreement of artistic and cultural enterprises. The casual staff's working hours are based on a 39-hour work week. Depending on the film requirements (screenplay, sets, day or night scenes), the shooting may give rise to staggered working hours for casual staff but a rest period of at least 12 hours is observed. During the financial year ended March 31, 2020, the Company and its subsidiaries directly employed 32 casual entertainment industry workers, totaling some 3,270 working hours.

- *Annual performance review*

All Group employees attend an annual performance and skills development review with their manager at the start of the year, which is an opportunity to validate individual development.

- *Compensation*

During the financial year ended March 31, 2020, the total gross compensation paid to Group employees and casual staff amounted to €5.7 million, i.e. approximately 8.2% of the Group's revenue for the period.
Group employees benefit from a profit-sharing agreement set up in July 2004. The amount granted is based on the legally prescribed formula. During the 2019/2020 financial year, the Group companies did not make any contributions to the special profit-sharing reserve, as in the previous financial year.

| **Main social indicators** | ***Unit*** | **March 31, 2020** | **March 31, 2019** | **March 31, 2018** |
|---|---|---|---|---|
| Total Group workforce as of March 31 | *No. of employees* | 41 | 54* | 89* |
| Number of casual employees | *No. of casuals* | 32 | 231 | 3,093 |
| Average length of service of Group employees | *No. of years* | 9.0 | 7.6 | 7.4 |
| Average age of Group employees | *No. of years* | 40 | 40 | 40 |
| Payroll (permanent employees + casual staff) | *In millions of euros* | 5.7 | 7.9 | 15.9 |
| Percentage of women in total workforce | % | 37 | 33 | 48 |

* *Of which one person working for two subsidiaries.*

## 15.2 *Equity interests and stock options*

As of the filing date of this Universal Registration Document, the executives and directors held, directly or indirectly, the following equity interests in the Company:

| | **Shares held** |
|---|---|
| Luc Besson | 12,939,938 |
| *Via Front Line* | *12,935,903* |
| *Directly* | *4,035* |
| Régis Marillas | 4,532 |
| James Moore | 1 |
| Jane Majeski | 1 |
| Deborah Carlson | 1 |
| Alexandra Voss | 1 |

## 15.3 *Agreement for involving employees in the capital*

### 15.3.1 Stock options, free shares and warrants

- *Stock options*

As of the filing date of this Universal Registration Document, no stock option plan was yet in force.

- *Award of free shares*

The Combined General Meeting of September 28, 2012 authorized the Board of Directors to award free shares to employees and corporate officers of the Company and its subsidiaries.

At its meeting of May 22, 2013, the Board of Directors resolved to award a maximum of 2,475,283 free shares to employees of the Company and its subsidiaries located in France and directly owned by EuropaCorp and to its Chief Executive Officer.

These may consist of new shares to be issued within the framework of one or more capital increases, or existing shares repurchased by the Company under its share buy-back program.

The beneficiaries of the free share plan approved by the Board of Directors on May 22, 2013 are required to remain within the Company for a minimum of two years as from the date of this Board meeting, and to hold the shares for a minimum of two years starting at the end of the two-year vesting period, thus running as from the date of acquisition of the free shares.

Given the Company's recovery since the 2011/2012 financial year and the performance achieved, notably during the 2012/2013 financial year, the award of free shares is not subject to new performance criteria, as the target has already been achieved.

Out of the 2,475,283 free shares covered by the plan, 273,783 are to be awarded to employees and the rest to the Chief Executive Officer. However, it should be noted that the Board of Directors recognized, at its meeting of December 19, 2013, that the conditions set out under Article 9 of the plan regulations had been met and that, accordingly, the award of free shares to the Chief Executive Officer could not be maintained. Consequently, the plan now solely provides for the award of shares to the Group's employees.

On May 22, 2015, the Board of Directors acknowledged the fulfillment of the award conditions and therefore the issuance of 233,783 new shares with a par value of €0.34 each.

The shares were locked-up for a two-year period from May 22, 2015 and were immediately fungible with existing shares.

The Company's share capital was thus increased, on this date, to €10,046,638.58 divided into 29,548,937 shares with a par value of €0.34 each.

The new EuropaCorp shares issued under the free share plan were the subject of a request for admission to trading on Euronext Paris from June 1, 2015.

They became available to employees during the 2017/2018 financial year.

### 15.3.2 Profit-sharing, incentive mechanisms, employee savings plan and employee investment fund

- *Profit-sharing*

A profit-sharing agreement, governed by Articles L.3322-7 et seq. of the French Labor Code, was set up within the EuropaCorp ESU and Front Line under the collective bargaining agreement of December 5, 2017. The agreement was modified by the amendment of March 29, 2018.

It applies to the following companies: Front Line, EuropaCorp, EuropaCorp Distribution, EuropaCorp Home Entertainment, Dog Productions, Intervista, EuropaCorp Music Publishing, Ydéo, Roissy Films, EuropaCorp Television, Digital Factory, Blue Event and Blue Advertainment.

It lays down the special conditions applicable to profit-sharing. Under the profit-sharing agreement, all employees having worked for one of these companies for more than three months have, in proportion to their salary and length of service during the financial year considered, a right to the special reserve calculated using the standard legal formula. However, for each beneficiary, the gross wages used as a basis for the distribution are only taken into account when they are above €30,000 and below €100,000.

Each employee's rights are locked in for five years, excluding the exceptions provided for by law, and the amount of the rights that may be awarded to a single beneficiary for a single financial year cannot exceed an amount equal to three fourths of the annual French Social Security ceiling.

Over the last three financial years, Group companies did not make any contributions to the special profit-sharing reserve.

- *Incentive mechanisms*

There is no agreement concerning incentive mechanisms within the Group.

# 16 MAIN SHAREHOLDERS

## 16.1 *Company shareholders and breakdown of the voting rights*

Following the restructuring of the Company the share capital and voting rights break down as follows:

| Shareholders | Number of shares | % of the share capital | % of the voting rights[1] |
|---|---|---|---|
| **Vine Funds** | **73,444,492** | **60.15%** | **60.17%** |
| *Front Line* | *12,935,903* | *10.59%* | *10.60%* |
| *Luc Besson* | *4,035* | *0.00%* | *0.00%* |
| **Total Luc Besson** | **12,939,938** | **10.60%** | **10.60%** |
| **Total Concert[2]** | **86,384,430** | **70.75%** | **70.78%** |
| FF Motion Invest | 11,428,572 | 9.36% | 9.36% |
| Falcon Strategic Partners IV L.P. | 7,680,230 | 6.29% | 6.29% |
| Lambert Capital BV | 2,931,415 | 2.40% | 2.40% |
| Habert Dassault Finance[3] | 1,978,905 | 1.62% | 1.62% |
| BPCE[3] | 659,202 | 0.54% | 0.54% |
| Public | 10,990,628 | 9.00% | 9.00% |
| Treasury shares[4] | 48,849 | 0.04% | |
| **TOTAL** | **122,102,231** | **100.00%** | **100.00%** |

[1] *Percentage of the actual voting rights (excluding treasury shares).*
[2] *Luc Besson (including his holding company Front Line) and Vine have entered into a shareholders' agreement qualifying as a concerted action. This agreement includes rules on governance and exit clauses.*
[3] *Shares held at March 9, 2020 as part of the search for Identifiable Bearer Securities exercised by the Company at said date.*
[4] *Treasury shares at June 30, 2020.*

The table below summarizes the changes which have taken place in the Company's share capital and voting rights over the past three financial years.

| | Position as of 03/31/2018 | | | Position as of 03/31/2019 | | | Position as of 03/31/2020 | | |
|---|---|---|---|---|---|---|---|---|---|
| Shareholders | Number of shares | % of the share capital | % of the voting rights[1] | Number of shares | % of the share capital | % of the voting rights[1] | Number of shares | % of the share capital | % of the voting rights[1] |
| Front Line | 12,935,903 | 31.57% | 31.60% | 12,935,903 | 31.57% | 31.61% | 12,935,903 | 31.57% | 31.62% |
| Luc Besson | 4,035 | 0.01% | 0.01% | 4,035 | 0.01% | 0.01% | 4,035 | 0.01% | 0.01% |
| Lambert Capital BV | 2,931,415 | 7.15% | 7.16% | 2,931,415 | 7.15% | 7.16% | 2,931,415 | 7.15% | 7.17% |
| FF Motion Invest | 11,428,572 | 27.89% | 27.92% | 11,428,572 | 27.89% | 27.92% | 11,428,572 | 27.89% | 27.93% |
| Habert Dassault Finance (& B. Habert) | 2,360,698 | 5.76% | 5.77% | 2,050,005 | 5.00% | 5.01% | 1,978,905 | 4.83% | 4.84% |
| PA Le Pogam | 1,019,025 | 2.49% | 2.49% | 728,025 | 1.78% | 1.78% | 0 | 0.00% | 0.00% |
| ***Subtotal*** | ***30,679,648*** | ***74.87%*** | ***74.94%*** | ***30,077,955*** | ***73.40%*** | ***73.49%*** | ***29,278,830*** | ***71.45%*** | ***71.57%*** |
| BPCE | 659,202 | 1.61% | 1.61% | 659,202 | 1.61% | 1.61% | 659,202 | 1.61% | 1.61% |
| Shares paid to employees under the free share plan[2] | 149,026 | 0.36% | 0.36% | 142,756 | 0.35% | 0.35% | 138,756 | 0.34% | 0.34% |
| Public | 9,449,111 | 23.06% | 23.08% | 10,047,923 | 24.52% | 24.55% | 10,835,070 | 26.44% | 26.48% |
| Treasury shares | 40,522 | 0.10% | | 49,673 | 0.12% | | 65,651 | 0.16% | |
| **TOTAL** | **40,977,509** | 100.00% | 100.00% | **40,977,509** | 100.00% | 100.00% | **40,977,509** | 100.00% | 100.00% |

[1] *Percentage of the actual voting rights (excluding treasury shares).*
[2] *Under the authority vested in it by the General Meeting of Shareholders of September 28, 2012 (19th resolution), the Board of Directors, at its meeting of May 22, 2013, decided to award 233,783 free shares to all employees of the Company and its French subsidiaries, under the conditions defined in Articles L.225-197-1 et seq. of the French Commercial Code.*

To the Company's knowledge, no shareholders, other than those mentioned in the table above, directly or indirectly hold, alone or in concert with others, 5% or more of the Company's share capital or voting rights.

The Vine funds are American limited partnerships whose registered office is at 810 7th Avenue, Suite 802, New York, NY 10019 (United States).

Falcon Strategic Partners IV, LP, is an American limited partnership whose registered office is at 21 Custom House Street, 10th floor, Boston, MA 02110 (United States).

Front Line is a French simplified joint stock company whose registered office is at 20 rue Ampère, 93200 Saint-Denis (Trade and Company Register of Bobigny No. 421 920 307). Front Line was formed on February 23, 1999. Its main activity is the acquisition of equity interests in any type of company and the management of any group of companies, subsidiaries or equity interests. Luc Besson is the Chairman of Front Line, of which he holds 99.99% of the share capital.

Lambert Capital BV is a Dutch-registered company whose registered office is at 479 Herengracht, 1017 BS Amsterdam, The Netherlands, registered at the Dutch Chamber of Commerce under number 56164785. Lambert Capital BV is fully held by the heirs of Christophe Lambert.

Habert Dassault Finance is a French investment company (SAS) with its registered office at 9 rond-point des Champs Elysées, 75008 Paris (Trade and Company Register of Paris No. 409 109 428). Its activities are focused on the Internet and the media.

BPCE is a French public limited company with a Board of Directors and a Supervisory Board, with its registered office at 50 avenue Pierre Mendès France – 75201 Paris Cedex 13 (Trade and Company Register of Paris No. 493 455 042).

To the Company's knowledge, there is one shareholders' agreement signed on May 27, 2013 between Lambert Capital BV and Christophe Lambert (of the first part) and Front Line and Luc Besson (of the other part), constituting concerted action with respect to the Company and of which the main provisions are the following:[13]

- **a consultation obligation** in order to implement a common Company development policy. In the event of disagreement, a common position will be reached on a majority basis, according to the number of EuropaCorp shares held by the parties;

- **a voting agreement** to implement the above-mentioned common policy, whereby the parties undertake to cast the same votes for all of the resolutions submitted to the Company's General Meetings and Board meetings;

- **a drag-along right** for Lambert Capital BV in the event of a takeover bid by a third party for all Company shares held by Front Line;

- **a tag-along right** if one of the parties transfers to a third party over 50% of the shares it holds on the agreement signing date, in one or more over-the-counter transactions;

- **an appraiser price** for the implementation of the drag-along and tag-along clauses, in the event of a party's disagreement on the price offered by the third party;

- **majority transfer:** the parties reciprocally undertake not to carry out any transfer of EuropaCorp shares that would bring the total number of shares held by Front Line, Lambert Capital BV, Luc

[13] For further details, see Notices 213C0631 of June 5, 2013, 213C0686 of June 14, 2014 and 214C0413 of March 18, 2014.

Besson and Christophe Lambert below 50% of the Company's share capital plus one share, without the other party's prior written consent;

- **duration:** the agreement will come into force on its signing date on May 27, 2013 and run throughout the life of the Company. Any party which ceases to hold EuropaCorp shares will automatically cease to benefit from and be bound by the stipulations of the agreement.

Since January 5, 2009, there is no longer any commitment to retain Company shares (except for vesting periods that may be imposed by the Company within the framework of free share allocation plans).

Under the Company safeguard plan approved by the Bobigny Commercial Court on July 24, 2020, on July 28, 2020, Luc Besson (including his holding company Front Line) and the Vine funds also entered into a shareholders' agreement qualifying as a concerted action. This agreement includes, in particular, governance rules and drag-along and tag-along clauses:

- **Drag-along clause**: in the event of the sale or transfer by the Vine Funds to a third party other than Vine partners, by any means, of a majority of the shares subscribed as part of a reserved capital increase, and if the price of that sale/transfer is over €3.50, the Vine funds may force the Front Line - Luc Besson concert party to sell/transfer the same proportion of shares, on the same terms as those offered to the Vine Funds;

- **Tag-along clause**: at the request of Luc Besson, should the Vine Funds sell or transfer to a third party other than Vine partners, by any means, a majority of the shares subscribed under reserved capital increases, the Vine Funds must buy back or ensure that their buyer buys back the same proportion of shares held by the Front Line – Luc Besson concert party, on the same terms as those offered to the Vine Funds.

### *16.2 Shareholder voting rights*

Each Company share carries one voting right.

### *16.3 Control of the Company*

Following the restructuring of the Company on July 28, 2020, the Company is controlled by the concert formed by Front Line, Luc Besson and the Vine Funds, who jointly hold 70.75% of the share capital and voting rights (and 70.78% of the Company's actual voting rights).

On the filing date of the Universal Registration Document, the presence of three Independent Board Members out of the Board's five members is intended to ensure that the Company's control is not exercised in an abusive manner.

To the Company's knowledge, there is no shareholder agreement (particularly between executives) that could lead to restrictions on the transfer of shares or the exercise of voting rights other than the aforementioned shareholder agreements.

To the Company's knowledge, there is no agreement providing for compensation to Board members or employees if they resign or are laid off without valid reason or if their employment ceases because of a takeover bid.

### *16.4 Agreement whose implementation could result in a change of control*

On July 28, 2020 Luc Besson (including his holding company Front Line) and the Vine funds also entered into a shareholders' agreement qualifying as a concerted action (see Section 16.1).

# 17 TRANSACTIONS WITH RELATED PARTIES

## *17.1 Details of transactions with related parties*

### 17.1.1 Intra-group agreements

On April 1, 2002, EuropaCorp, EuropaCorp Distribution, EuropaCorp Home Entertainment, Intervista, and Dog Productions signed a cash management agreement entrusting EuropaCorp with the coordination of all needs and the cash surpluses for the companies that are a party to the agreement. To this end, the company is in charge of granting advances to and receiving them from its subsidiary companies, negotiating all short-term banking overdrafts by contracting market financing, and making all investments. Each advance granted by EuropaCorp to one of its subsidiaries accrues interest at a rate equal to the average monthly money market rate (monthly average of the EONIA rate) plus a payment of 1.5%. The agreement is renewed by tacit agreement annually.

On April 1, 2005, an amendment to this agreement was signed for the purpose of including within the scope of the agreement any company in which EuropaCorp were to hold an equity interest greater than or equal to 90% of the share capital. EuropaCorp Music Publishing, Ydéo, Roissy Films, EuropaCorp TV and EuropaCorp Aéroville, which are 100% owned by the company, have also signed the cash management agreement.

It should be noted that Blue Advertainment, Blue Event and Digital Factory joined the cash management agreement starting on March 1, 2013.

On April 22, 2016, EuropaCorp SA and Valerian SAS signed a treasury management agreement entrusting EuropaCorp SA with the coordination of all of Valerian SAS's treasury requirements. The agreement is renewed by tacit agreement annually.

T5 Production and Orchestra joined the cash management agreement starting July 2017.

- **Tax consolidation agreement**

On April 2, 2007, EuropaCorp signed a tax consolidation agreement as part of the creation of a new consolidated group comprising EuropaCorp, Dog Productions, Intervista, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, and Ydéo, for which EuropaCorp is the parent company. The purpose of this agreement is to organize the terms under which these companies intend to govern their relations within the new consolidated group. For a period of five financial years beginning April 1, 2007, EuropaCorp has thus agreed that it alone is liable for paying corporate income tax and the additional contribution described in Article 235 ter ZA of the French General Tax Code that is payable by the group formed by itself and its subsidiaries. This agreement is renewable by tacit agreement. Each company pays the corporation tax burden it would have owed on its own profits if it had been taxed separately, the tax savings are received by the group's head company. EuropaCorp TV and Roissy Films have been signatories to this agreement since the financial year ended March 31, 2009. In June 2012, EuropaCorp requested approval for the accession of EuropaCorp Aéroville, which joined the agreement during the 2012/2013 financial year. The same is true for Blue Advertainment, Blue Event and Digital Factory, which joined the agreement during the 2012/2013 financial year. EuropaCorp Television SAS joined this tax consolidation agreement during the 2015/2016 financial year, Valérian and Valérian Holding joined the agreement in 2017/2018, Orchestra and T5 Production did the same in 2018/2019.

- **Administrative assistance agreement with Group companies**

In March 2013, the company terminated an administrative management agreement with Front Line under the terms of which Front Line provided services to the company and its subsidiaries.
As a result, on March 25, 2014, the Company signed an administrative assistance agreement with the following subsidiaries: Dog Productions, Intervista, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films, EuropaCorp TV, Ydéo, EuropaCorp Aéroville, Blue Advertainment, Digital Factory and Blue Event, on the understanding that this agreement can be extended to any new EuropaCorp Group company.

Under this agreement, the company offers its subsidiaries the benefit of its assistance in administrative, financial, accounting, and legal services, and these benefits are rebilled to each subsidiary based on the share of expenses owed by it directly, on the basis of the cost price excluding VAT of the services provided, increased by a rate of 5%.

The agreement, which came into retroactive effect on April 1, 2013, was entered into for a period of one year from its taking effect and is renewable annually by tacit agreement, unless it is expressly terminated by one of the parties one month before the end of each calendar quarter.

The table below shows the amounts reinvoiced by EuropaCorp to each of its subsidiaries over the 2019/2020 financial year:

| *(In thousands of euros)* | **FY 2019/2020** |
|---|---|
| EuropaCorp Distribution | 304 |
| EuropaCorp Home Entertainment | 91 |
| Roissy | 1 |
| Blue Event | 13 |
| EuropaCorp Télévision | 221 |
| Valérian SAS | 2 |
| T5 Production | 2 |
| Digital Factory | 306 |
| **TOTAL** | **940** |

- **Commercial lease for the premises of La Cité du Cinéma**

On May 18, 2009, the Company signed an off-plan commercial lease agreement with EuropaCorp Studios for office space (also comprising screening and reception areas, service rooms and parking spaces) to be built on the La Cité du Cinéma site in Saint-Denis and delivered in 2012 (the “Lease Agreement”). The Lease Agreement was concluded for a period of 12 years, as from the delivery of the rented premises, for a rent of around €6.4 million per year indexed to 85% of the BT01 (French construction index) until the coming into effect of the lease.

EuropaCorp Studios transferred the Lease Agreement to La Nef Lumière, which acquired said office premises as lessor upon their delivery on April 6, 2012. Including the discount, the annual rent as at April 6, 2019 was €9.7 million, including charges. Under the terms of the Lease Agreement, the Company is expressly authorized to sublet all or part of the premises it is leasing.
The company’s subsidiaries: EuropaCorp Distribution, EuropaCorp Home Entertainment, Intervista, Dog Productions, EuropaCorp Music Publishing, Ydéo, EuropaCorp Aéroville, EuropaCorp Television, Blue Advertainment, Blue Event, Digital Factory, EuropaCorp TV, Roissy Films, Valerian Holding, Valerian, T5 Production and Orchestra occupy the same premises as the company under leasing agreements or registration commitments signed between EuropaCorp and its subsidiaries.

Nef Lumière and EuropaCorp have agreed to amend the terms of the Lease by signing a partial termination amendment giving rise to the payment of rent in arrears (€10.6 million), a termination penalty of €5.6 million over seven years and the introduction of a "better-fortunes" clause that could give rise to the payment of an additional sum of no more than €10 million (should the price of the shares subscribed by the Vine Funds allow them to be repaid for €181 million). The Lease will then be amended and will apply to a reduced area (5,200 $m^2$) at a lower price per square meter.

- **Agreement concerning the use of the central hall for events**

On November 5, 2012, the Company formalized an agreement with La Nef Lumière (a third-party company), in the presence of Front Line and Blue Event, laying down the terms and conditions, in accordance with the Lease Agreement (described above), for the use of La Cité du Cinéma's central hall for events to be staged by Blue Event.
It is further noted that pursuant to the sublease agreement between EuropaCorp and Blue Event, dated December 16, 2013, EuropaCorp will invoice Blue Event for use of the central hall for an amount of €355 thousand annually.

In light of the above paragraph, this contract is terminated.

- **Subletting agreement concluded with Front Line**

On May 15, 2009, the Company concluded an agreement in principle with Front Line, defining the main terms and conditions of a subletting agreement, under the terms of which Front Line would undertake to sublease, with the option of subletting, part of the offices and workshops rented by EuropaCorp under the Lease Agreement, for the duration of the Lease Agreement, for an annual rent of around €3.9 million excluding service charges and common area maintenance fees, based on the same prices per square meter as those paid by EuropaCorp.
The subletting agreement was signed on June 21, 2013 between EuropaCorp and Front Line for a firm period of 12 years, which started on April 6, 2012 and will end on April 5, 2024.
Following the acquisition of Blue Advertainment, Blue Event and Digital Factory (whose rents were paid by Front Line before February 28, 2013), a new lease was signed on December 16, 2013 between EuropaCorp and Front Line in order to modify the surface areas sublet to Front Line. Under this new lease, Front Line will be paying EuropaCorp annual rent of €2.3 million, excluding service charges and common area maintenance fees. It should be noted that an amendment was signed on February 11, 2015 to reflect changes in the occupied space following the relocation of a Front Line employee. The space formerly used by this employee will now be available for EuropaCorp.
On September 29, 2017, Front Line and EuropaCorp signed a memorandum of understanding for the purpose of terminating the subleasing agreement. The termination will take place in stages through the gradual return of the spaces that are not or are no longer occupied by a sublease. Accordingly, the parties signed, pursuant to the terms and conditions of this MOU, several amendments intended to reduce the overall base of the lease.

### 17.1.2 Intra-group agreements entered into for the purposes of film production

The developments below explain the types of agreements that may be entered into between the companies of the Group (or between EuropaCorp and the companies in which it holds an equity stake) during the production or distribution of a film.

As long as the company holds the distribution rights for a film, the exploitation of these rights is guaranteed by EuropaCorp Distribution for distribution rights in theaters and by EuropaCorp Home Entertainment for video distribution rights. A distribution partnership was signed with Pathé Films for France in December 2018.

- *Distribution agreements between EuropaCorp and EuropaCorp Distribution*

When the company holds the exploitation rights of a film, the exploitation of the distribution rights for theaters in France are guaranteed by EuropaCorp Distribution, which results in the signing of a distribution agreements between the company and its subsidiary. This exploitation agreement gives EuropaCorp Distribution, for an initial period of seven years on average from the theatrical release of a film, the exclusive right to represent or to authorize representation of the film in theaters and in other places in France and in so-called "institutional" circuits and to grant such rights of representation to theaters. EuropaCorp Distribution pays the publishing costs (advertising and printing of copies) for the film. It is customary for EuropaCorp Distribution to pay the Company, upon signing the distribution agreement, a fixed amount known as a "minimum guarantee", as an advance on the receipts generated by the distribution of the film.

In compensation for its authorization, EuropaCorp Distribution receives a commission corresponding to a share of (i) the gross distributor receipts from the exploitation of the film in commercial sector theaters and (ii) gross distributor receipts for exploitation in non-commercial sector theaters.

- *Video license between EuropaCorp and EuropaCorp Home Entertainment*

When the company holds the exploitation for a film, the exploitation of the film on video in France is guaranteed by EuropaCorp Home Entertainment and results in the signing of an exploitation agreement for videograms of the film between the company and its subsidiary. Under this agreement, the company sells to EuropaCorp Home Entertainment on an exclusive basis, and for a fixed period (of several years up to 30 years) from the video release of the film, the exploitation rights to videograms of the film in the original French version, exclusively for rental and sale to the public, and for use in the "family circle". To this end, EuropaCorp Home Entertainment acquires the reproduction rights for videogram formats for the original French version of the film and the marketing rights through the sale and/or rental of videograms to the public on French territory.
As consideration for the sale of the video exploitation rights, EuropaCorp Home Entertainment pays the company a fee corresponding to a share of the revenue achieved on the sale of videograms destined for the rental market or the public. It is customary for EuropaCorp Home Entertainment to pay the company, upon signing the distribution agreement, a fixed amount known as a "minimum guarantee", as an advance on the receipts generated by the exploitation of the video rights sold.

Moreover, on April 1, 2008, EuropaCorp and EuropaCorp Home Entertainment signed an agreement respecting the management of VOD exploitation rights for EuropaCorp films.

- *Framework agreement between EuropaCorp Distribution and Ydéo relating to the development of marketing plans*

On April 1, 2005, EuropaCorp Distribution and Ydéo entered into a framework collaboration agreement under the terms of which EuropaCorp Distribution entrusts Ydéo with the management of the communication budgets of films distributed in France and in French-speaking countries by EuropaCorp Distribution. The services provided by Ydéo include marketing consultancy (evaluation and communication and creation strategy, media planning, rollout of creation and communication campaign strategy). Ydéo may also act on behalf of EuropaCorp Distribution as an agent for purchases of advertising space.

- *Intercompany Services Agreement between EuropaCorp and EuropaCorp Films USA Inc.*

EuropaCorp and EuropaCorp Films USA Inc. entered into a service provision agreement on February 20, 2014 for an initial period of five years, then tacitly renewed each year, under which EuropaCorp Films USA Inc. provides services to EuropaCorp in the United States. These services include distribution of films produced by EuropaCorp and distributed by RED (now "EuropaCorp Distribution LLC"), developing and managing the Group's business in this territory and administrative, financial and accounting services.

These services are reinvoiced to EuropaCorp on the basis of the cost price excluding VAT of the services provided, increased by a rate of 5%.

An amendment to the agreement was signed on March 30, 2018, stipulating that general fees for the development of television series will be reinvoiced to EuropaCorp Television SAS.

- *EuropaCorp Single Picture License Agreement*

EuropaCorp and EuropaCorp Films USA Inc. entered into a license agreement on April 15, 2015 for the film *Transporter Refueled*. Under the terms of this agreement, EuropaCorp grants exclusive rights to EuropaCorp Films USA Inc. for an initial period of seven years, to exploit, screen or authorize the screening of the film *Transporter Refueled* via any medium, distribute, promote, with the option to assign these rights to a third party.

Distribution costs are charged to EuropaCorp Films USA Inc. and the gross exploitation receipts are distributed as follows and in the following order:

- firstly, 20% to EuropaCorp Films USA Inc. as a distribution commission;
- then, 15% to EuropaCorp;
- then, to EuropaCorp Films USA Inc. until the distribution costs it has borne have been reimbursed;
- finally, the balance is paid to EuropaCorp.

The same agreement was signed for the films *Big Game* (April 15, 2015), *Nine Lives* (August 5, 2016), *Shut In* (November 11, 2016), *Miss Sloane* (November 25, 2016) and *Renegades* (November 2, 2018).

- *Rights assignment contract between EuropaCorp and Valerian*

On December 18, 2015, EuropaCorp and Valerian signed a rights assignment contract for the film *Valerian and the City of a Thousand Planets*. Under the terms of this agreement, EuropaCorp grants Valerian the exclusive right to reproduce, represent and adapt the film *Valerian and the City of a Thousand Planets*. EuropaCorp retains prequel, sequel, remake, animated series and spin-off rights.

- *Rights assignment contract between EuropaCorp and T5 Production*

On July 18, 2017, EuropaCorp and T5 Production signed a rights assignment contract for the film *Taxi 5*. According to the terms of the contract, EuropaCorp will grant T5 Production the exclusive exploitation rights previously acquired from the various authors of the film.

Other than these intra-group agreements, the Company has entered into the following material agreements:

- **Service provision agreement with EuropaCorp Films USA Inc.**

On February 20, 2014, EuropaCorp and its wholly owned subsidiary EuropaCorp Films USA Inc. entered into a service provision agreement (Intercompany Services Agreement) under which EuropaCorp Films USA Inc. will provide services to EuropaCorp, particularly in the field of film development and management. EuropaCorp Films USA Inc. bills these services to EuropaCorp at cost plus 5%. This agreement was concluded for an initial period of five years, i.e. until February 20, 2019, and then renewed tacitly each year.

An amendment to the agreement was signed on March 30, 2018, stipulating that general fees for the development of television series will be reinvoiced to EuropaCorp Television SAS.

- **Coproduction contracts and cinematography service agreements between EuropaCorp and Apipoulaï Prod**

In the past, Apipoulaï Prod – a 99.80% held subsidiary of Front Line managed by Luc Besson – co-produced certain films alongside EuropaCorp. In keeping with Luc Besson's commitment, this company's compensation as co-producer of these production projects did not exceed 10% of

EuropaCorp's net producer receipts after deduction of the cost of the film.

As from the end of the 2012/2013 financial year, Apipoulaï Prod no longer takes part in any new coproductions with EuropaCorp.

- **Cooperation agreement between EuropaCorp and Seaside Films Company**

Through a private agreement signed on February 11, 2003, the California registered Seaside Films Company, controlled by Luc Besson, retroactively undertook, as from April 1, 2002, to search for and develop screenplays that can be used for the production of films in the United States. EuropaCorp holds the screenplay rights, whether it has developed the screenplays itself or whether they stem from an individual subcontractor or legal entity (author, writer, screenwriter, etc.). The agreement involves a fixed annual compensation of $200,000, plus the compensation paid to any subcontractors, which Seaside Films Company reinvoices to EuropaCorp at cost, without any profit margin.
At its meeting of April 17, 2012, EuropaCorp's Board of Directors authorized the signing of a rider increasing the fixed annual compensation to $270,000 as from April 1, 2012, given that this fixed compensation had not changed in nine years. Moreover, during that meeting, the principle of an adjustment invoice of $120,000 was authorized for the financial year ended March 31, 2012, in order to take account of additional residual costs defrayed by Seaside Films Company.
In accordance with EuropaCorp's undertakings toward CDC Entreprises Elan PME and Habert Dassault Finances as part of the cash capital increase of February 2013, on March 18, 2013, the Company established an American subsidiary, EuropaCorp Films USA Inc., now responsible for developing scripts for film productions.
Previously it was Seaside Films Company that developed the scripts. Thus, this company is no longer paid for this work. Only the expenses incurred by Seaside (mainly intellectual property rights) are reinvoiced, without any profit margin, to EuropaCorp.
At March 31, 2020, the total amount invoiced by Seaside Films Company to EuropaCorp for the financial year amounted to €327,416.

- **Creation of special purpose subsidiaries by Seaside Films Company**

As is customary in the United States, when EuropaCorp is executive producer of a film for which part of the shooting is due to take place in the United States, EuropaCorp must find a service provider to create a special purpose company. This special purpose entity is set up to handle the technical, labor-related and tax-related aspects of the shooting operations on American soil and reinvoice EuropaCorp for the real cost of the services paid for shooting in the United States. This type of company may also be set up for the management of American talent with respect to trade unions, for shootings outside France.

- **Agreements between Luc Besson and Group companies for the production of a film**

Luc Besson often acts as author, co-author, screenwriter or director of the films produced or co-produced by EuropaCorp. To this effect, he enters into agreements with EuropaCorp, either as publisher, author, author-screenwriter, author-director, or director-technician, depending on the projects.

Under the terms of the Company safeguard plan, EuropaCorp has exclusive rights to the works of Luc Besson in his capacity as author, director and producer of any audiovisual entertainment content (including films and television series) under the conditions described in Section 13.1.1.

- **Subletting agreement with the "B.O." restaurant**

On October 15, 2013, EuropaCorp and B.O. SARL, 51%-owned by Front Line, entered into a

commercial subleasing agreement for the ground-floor premises of the main building at La Cité du Cinéma.
On April 15, 2015, EuropaCorp and B.O. SARL agreed to an amendment to the commercial subleasing agreement dated October 15, 2013, under which:
- EuropaCorp recognizes that the leased premises are now regarded as divisible and that B.O. therefore has a direct right to renewal of the lease, within the meaning of Article L.145-32, paragraph 2, of the French Commercial Code and subject to the owner's approval;
- EuropaCorp agrees to cover a third of the work carried out by B.O. (€716 thousand excl. VAT), equivalent to €239 thousand excl. VAT;
- EuropaCorp grants B.O. an additional three-month rent-free period (in addition to the 12 months already granted from April 1, 2013 to March 31, 2014) since the work only began in July 2013, instead of April 2013;
- on expiry of the lease, if EuropaCorp requires the premises to be restored to their original state, B.O. would not be liable for the costs of this rehabilitation work.

The importance is underlined of continuing to have a good restaurant at La Cité du Cinéma, both to facilitate office subletting, and for EuropaCorp's own operational requirements, given the absence of any comparable offering nearby. Consequently, it was considered to be in EuropaCorp's interest that B.O. should continue trading, both for its own business and to support the offering of its subsidiary Les Studios de Paris.

- **Credit and security agreements dated October 22, 2014, in particular between EuropaCorp Films USA Inc., EuropaCorp, certain EuropaCorp subsidiaries and J.P. Morgan Chase Bank N.A.**

On October 22, 2014, two credit agreements in English entitled Credit, Security, Guaranty and Pledge Agreement (the Senior Credit Line) and Second Line Credit, Security, Guaranty and Pledge Agreement (the Second Line Credit) were entered into by EuropaCorp Films USA Inc. as Borrower, EuropaCorp SA as Parent, Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo as Guarantors, the Lenders, and J.P. Morgan Chase Bank, N.A. as Agent.

EuropaCorp and the subsidiaries listed above (of which the Company is both the sole shareholder and Chairman), parties to the Credit Agreements as Guarantors, granted a series of first- and second-lien securities to J.P. Morgan Chase Bank, N.A. as Agent, the Lenders, and other beneficiaries under the Credit Agreements.

The Company's Board of Directors considered it to be in the corporate interests of these subsidiaries to be signatories to the Credit Agreements and to arrange the first- and second-lien securities requested, in view of the general financial strategy deployed by the Group as a whole.

On September 30, 2016, June 2, 2017 and December 24, 2018, an amendment to the Credit, Security, Guaranty and Pledge Agreement was entered into notably by EuropaCorp Films USA Inc. as Borrower, EuropaCorp SA as Parent, Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo as Guarantors, the Lenders, and J.P. Morgan Chase Bank, N.A. as Agent.

On September 30, 2016, June 2, 2017 and December 24, 2018, an amendment to the Second Line Credit, Security, Guaranty and Pledge Agreement was entered into notably by EuropaCorp Films USA Inc. as Borrower, EuropaCorp SA as Parent, Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo as Guarantors, the Lenders, and Vine Investment Advisors LP as Administrative Agent and Security Agent.

The Company's Board of Directors considered it to be in the corporate interests of these subsidiaries to be signatories to the above-mentioned amendments to the Credit Agreements and to arrange the guarantees requested, in view of the common strategy, in particular financial, deployed by the Group as a whole.

Under the Company's safeguard plan, the debt resulting from the senior credit facility became payable by EuropaCorp SA, and will be repaid by the Company over seven years, through its guarantee of EuropaCorp Films USA Inc.'s undertakings, and in accordance with the EuropaCorp Films USA Inc. safeguard plan.

Following the repayment of the last installment, the lenders will have been repaid in full, such that EuropaCorp Films USA Inc. and the guarantors of the Senior Credit facility will be free of any obligation towards the Senior Credit lenders and all securities will be released.

In terms of the Second Lien Credit, the debt became payable by EuropaCorp SA through its guarantee of EuropaCorp Films USA Inc.'s undertakings and was capitalized in full as part of the Company's safeguard plan. The release of all securities related to this contract is under way.

- ***Participation* Agreement with Vine Advisors LP**

On December 31, 2014, EuropaCorp, EuropaCorp Films USA Inc. and Vine Investment Advisors LP, acting as Agent for various investors, entered into an agreement entitled the Amended and Restated Secured Participation Agreement, under the terms of which EuropaCorp granted a 15% Participation Interest in the income generated by the films distributed by EuropaCorp Films USA Inc. with the support of EuropaCorp Distribution LLC (formerly RED) in the United States, subject to a Maximum Participation Amount of $100 million.
As security for the payment of this amount, EuropaCorp and some of its subsidiaries (Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo) granted third-line guarantees on all of their assets, as specified in the notes to the consolidated financial statements (Appendix 1), to the exclusion of any other guarantee.
The Company's Board of Directors considered it to be in the corporate interests of these subsidiaries to be signatories to the Participation Agreement and to arrange the third-line security requested, in view of the general financial strategy deployed by the Group as a whole.
The proceeds from this disposal ($55 million) enabled EuropaCorp to make early repayment on the outstanding balance due to Relativity Media for the distribution joint venture formed in the United States, EuropaCorp Distribution LLC, 50%-owned by each partner.
All amounts due to Relativity Media in connection with the formation of EuropaCorp Distribution LLC have therefore been paid by EuropaCorp and Relativity Media was no longer entitled to either 15% of the receipts generated by these films, subject to a maximum of $100 million, or a purchase option on EuropaCorp's stake in EuropaCorp Distribution LLC. This dual transaction enabled EuropaCorp to extend its investment in EuropaCorp Distribution LLC at no additional cost, and Vine Investment Advisors LP was therefore entitled to a percentage of 15% on the revenue generated by the films distributed by EuropaCorp Films USA Inc. with the support of the services of EuropaCorp Distribution LLC in the United States up to a maximum participation of $100 million.

All of the debt to the Vine funds under the Participation Agreement has been capitalized under the Company's safeguard plan. All securities related to this contract are in the process of being released.

- **Credit and security agreement dated July 30, 2020 between EuropaCorp Pictures LLC, EuropaCorp Finance LLC, a number of its subsidiaries and Comerica Bank**

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 their capacity as Agent entered into a credit agreement entitled Credit, Security, Guaranty and Pledge Agreement.

This credit line is secured against future films and lenders are also entitled to a golden share in EuropaCorp Pictures LLC enabling them, in short, to take control of it.

- **The contract entitled Co-Financing/Co-production Agreement agreed between Fundamental Films and EuropaCorp for the film *Transporter - Refueled***

For this contract signed on October 2, 2014, Fundamental Films invested 5% of the cost of the film *Transporter Refueled* in exchange for distribution rights in China and a share of worldwide earnings.

- **Coproduction contract signed by Fundamental Films and EuropaCorp for the film *The Warrior's Gate***

For this contract, signed on March 23, 2015, EuropaCorp took on a share of the cost of the film *The Warrior's Gate* (approximately 30%) and, therefore, holds 20% of the loss share and income share.

- **Output deal contract signed by Fundamental Films and EuropaCorp**

By the document dated August 7, 2015, Fundamental Films agreed to acquire the rights for China for a minimum of 20 films proposed by the Company, under a financial conditions framework and over a period of five years.
During the 2017/2018 financial year, EuropaCorp recorded revenue of approximately €3.8 million from this output deal (generated by the film *Valerian and the City of a Thousand Planets*).

- **Contract entitled Co-financing agreement agreed between Fundamental Films and Valerian for the film *Valerian and the City of a Thousand Planets***

Fundamental Films invested $43 million in the film *Valerian and the City of a Thousand Planets* in exchange for a share of worldwide earnings.

- **Distribution contract between Fundamental Films and EuropaCorp for the film *Valerian and the City of a Thousand Planets***

Via the document dated October 6, 2015, Fundamental Films acquired the distribution rights for all media for China (as well as Hong Kong and Macao) for *Valerian and the City of a Thousand Planets* in exchange for a guaranteed minimum of $4.2 million.

- **The contract entitled Co-financing Agreement agreed between Fundamental Films and EuropaCorp for the film *Nine Lives***

Under this contract, Fundamental Films invested $5 million in the film *Nine Lives* in exchange for a share of worldwide earnings.

- **Contract entitled Producer Agreement between Curious Media and EuropaCorp for the film *Anna***

On September 20, 2017, EuropaCorp and Curious Media LLC dba Global Produce signed a contract for the production of the film *Anna*.

Marc Shmuger's expected fixed compensation is $500,000 for the production services provided for the film.

Subject to the conditions precedent below, Marc Shmuger will receive variable compensation based on the Domestic Box Office as follows:

- *$0 if the Domestic Box Office is less than $60 million;*
- *+ $100,000 if the film earns $60 million in Domestic Box Office;*
- *+ $100,000 if the film earns $70 million in Domestic Box Office;*
- *+ $100,000 if the film earns $80 million in Domestic Box Office;*
- *+ $100,000 if the film earns $90 million in Domestic Box Office.*

The bonus is payable by Summit under the conditions below.

- **Contract entitled Coproduction and Distribution Agreement between Summit and EuropaCorp**

On October 27, 2017, EuropaCorp and Summit Entertainment LLC signed a coproduction and distribution contract for the film *Anna*.

Subject to the conditions precedent below, Summit will pay Marc Shmuger variable compensation based on the Domestic Box Office of the film as follows:

- *$0 if the Domestic Box Office is less than $60 million;*
- *+ $100,000 if the film earns $60 million in Domestic Box Office;*
- *+ $100,000 if the film earns $70 million in Domestic Box Office;*
- *+ $100,000 if the film earns $80 million in Domestic Box Office;*
- *+ $100,000 if the film earns $90 million in Domestic Box Office.*

The bonus is subject to the following conditions precedent:
- The appointment of Marc Shmuger as the film's producer;
- Marc Shmuger cannot be either a corporate officer or executive of EuropaCorp or of any affiliated companies on the date of the film's release. This condition is specified in the contract and will be met as of January 1, 2018.

The bonus is enforceable by Summit on EuropaCorp for the determination of the net earnings of the film, 50% of which are due to EuropaCorp.

## *17.2 Statutory Auditors' Special report on related-party agreements and commitments for the financial year ended March 31, 2020*

To the General Meeting of EuropaCorp,

In our capacity as the Statutory Auditors of your company, we present to you our report on the regulated agreements.

It is our responsibility to inform you, on the basis of the information that we were given, of the characteristics, basic terms as well as the reasons justifying the interest for the company of the agreements of which we have been advised or would have discovered during the performance of our mission, without having to express a view on their usefulness and merits or to determine whether other agreements exist. It is your responsibility, under Article R.225-31 of the French Commercial Code, to evaluate the benefits resulting from these agreements prior to their approval.

Moreover, it is our responsibility, if necessary, to submit to you the information specified in Article R.225-31 of the French Commercial Code relating to the performance, during the past financial year, of the agreements already approved by the General Meeting.

We have conducted the due diligence that we considered necessary with respect to the professional doctrine of the French National Company of Statutory Auditors relating to this mission. This due diligence consisted of verifying whether the information given to us was in agreement with the basic documents from which it is derived.

## *1. Agreements subject to the approval of the General Meeting*

### *1.1 Agreements authorized and entered into during the past financial year*

Pursuant to Article R.225-40 of the French Commercial Code, we were informed of the following agreements signed during the past financial year and already approved by your Board of Directors.

#### *1.1.1 Agreements entered into as part of the reorganization of the Group*

Person concerned: Luc Besson, Chairman of the Board of Directors, Chief Executive Officer and shareholder of your company, Chairman and majority shareholder of Front Line and Chairman and sole partner of Luc Besson Production (LBP).
Purpose of the contract:
As part of the safeguard plan and reorganizations provided for in the plan, your company has entered into various contracts:

- The Governance Matters agreement entered into in February 2020 by your company, Luc Besson, Front Line and the investment funds Vine Investments Advisors and Vine Alternative Investments III;
- The LB Agreement or cooperation agreement entered into in February 2020 by your company, Luc Besson and the investment funds Vine Investments Advisors and Vine Alternative Investments III.

Following the restructuring provided for as part of the safeguard plan, Luc Besson will no longer be the majority shareholder of EuropaCorp which will instead be controlled by Vine Fund III.

Luc Besson will remain a member of the Company's Board of Directors as Chairman and Chief Executive Officer pending the appointment of a new Chairman and CEO by the Board of Directors of your company.

Thereafter, Luc Besson will hold the position of Artistic Director of your company and, as such, will oversee all production and artistic activities of the EuropaCorp group.

In this context, given that the ongoing relationship with Luc Besson is a key factor in finalizing the operation, EuropaCorp, Luc Besson Production - a company newly created for the purpose of restructuring the Group and independent from EuropaCorp - and Luc Besson have committed to signing a Cooperation Agreement for the purpose of the Restructuring in order to embed this relationship. This is a five-year commitment which may be extended for a further two years.

During this period, Luc Besson will receive fixed annual fixed compensation of $600 thousand in respect of his role as Artistic Director, as well as his existing expatriation package of around
$1,000 thousand.

At the end of the period of exclusivity, Luc Besson will offer EuropaCorp the option of acquiring the scripts that have not yet been produced during the exclusivity period for a minimum guarantee of $1,000 thousand to be charged against 5% of the RNPP.

In particular, under this agreement Luc Besson has committed to working exclusively with EuropaCorp and Luc Besson Production as author, director and/or producer for any audiovisual entertainment, whether a film or series, and to giving EuropaCorp first refusal.

Luc Besson will offer all his projects to EuropaCorp, which will have first refusal. The projects selected by EuropaCorp will be funded by the future company, US Borrower. US Borrower will acquire the worldwide distribution rights from Luc Besson Production and will then become the beneficiary of all exploitation rights for the film. Your company will then pay the remainder in exchange for the transferable intellectual property rights and any other residual financial rights relating to the films and series produced.

Each project will be allocated a dedicated budget. Luc Besson Production's compensation will be calculated according to his role in the various projects. He will:

- where relevant, receive a minimum guarantee of between $400 thousand and $1,600 for his role as author of any English-language films with international exposure, to be charged against 5% of RNPP;
- where relevant, receive a minimum guarantee of between $2,000 thousand and $6,000 for his role as director of any English-language films with international exposure, to be charged against 5% of RNPP;

All producers will receive total compensation of between $350 thousand and $2,000 thousand for any English-language films with international exposure, which will include any portion owed to Luc Besson Production.

Finally, annual compensation equivalent to 1% of the market capitalization of EuropaCorp, payable in shares will be awarded to Luc Besson in the event that two English-language films with international exposure, written and/or directed by Luc Besson, and the budgets of which are covered in full by pre-sales are offered to the EuropaCorp Group.

The agreements have been in effect since the approval of the safeguard plan for your company. They had no financial impact on your company for the financial year ended March 31, 2020.

These agreements were authorized by your Board of Directors on February 6, 2020 when the draft safeguard plan was approved.

### *1.2 Agreements authorized and signed since the close of the past financial year*

We have been informed of the following agreements authorized and signed during the past financial year and already approved by your Board of Directors.

#### *1.2.1 Luc Besson Production domiciliation agreement*

<u>Person concerned</u>: Luc Besson, Chairman of the Board of Directors, Chief Executive Officer and shareholder of your company, Chairman and majority shareholder of Front Line and Chairman and sole partner of Luc Besson Production (LBP).

<u>Purpose of the contract:</u>
EuropaCorp agreed to the domiciliation on its premises free of charge of Luc Besson Production, a company wholly owned by Luc Besson and newly created in accordance with the EuropaCorp safeguard plan.

The agreement was authorized by the Board of Directors of your company on April 28, 2020.

### 1.2.2 *Disposal of Normandy assets held by Digital Factory*

Person concerned: Luc Besson, Chairman of the Board of Directors, Chief Executive Officer and shareholder of your company, legal representative of Digital Factory, wholly owned by your company and majority shareholder of SCI La Trinité.

Purpose of the contract:
Under the safeguard plan of Digital Factory, the Board of Directors of your company authorized the disposal of all property held by Digital Factory and located at Trinité-des-laitiers for the sum of €1,500,000.

The sale price will be determined on the basis of independent valuations.
In accordance with the safeguard plan approved on July 24, 2020, the sale price will be used to repay in full the bank loan granted by Martin Maurel bank, the outstanding capital of which was €375,000 as of March 31, 2020.
The assets should be disposed of by September 24, 2020 in accordance with the provisions of the safeguard plan.

The agreement was authorized by the Board of Directors of your company on April 28, 2020.

## 2. *Agreements already approved by the General meeting*

### 2.1 *Agreements approved during previous financial years the performance of which continued during the past financial year*

Pursuant to Article R.225-30 of the French Commercial Code, we were informed that the performance of the following agreements, which had already been approved by the General Meeting during previous financial years, continued during the past year.

### 2.1.1 *Service provision agreement with Gestion Management et Conseils*

Persons concerned:
- Gestion Management & Conseils, controlled and managed by Régis Marillas;
- Régis Marillas, Deputy Chief Executive Officer of EuropaCorp.

Nature and purpose:
EuropaCorp entered into a service provision agreement with Gestion Management & Conseils. This agreement became effective on October 1, 2018.

The agreement stipulates fixed monthly fees of €35,000. The contract also notes that if EuropaCorp's Board of Directors were to make Régis Marillas a corporate officer of the company, he would receive no compensation for this role. This contract is signed for a period of three months, renewable by a two-month period through tacit agreement.

This agreement was approved by the Board of Directors of September 24, 2018. During the financial year your company paid €420,000 excluding tax under this agreement.

At the same Board meeting of September 24, 2018, Régis Marillas was appointed Deputy Chief Executive Officer on the recommendation of the Chief Executive Officer, to assist in the operational management of the company. Régis Marillas receives no compensation for this role.

### 2.1.2 *Lease with Front Line*

Persons concerned:

- Front Line, member of the Board of Directors and shareholder of your company;
- Luc Besson, Chairman of the Board of Directors, Chief Executive and shareholder of your company and Chairman and majority shareholder of Front Line.

Nature and purpose:
On June 21, 2013, your company signed a 12-year subleasing agreement with Front Line, with retroactive effect to April 6, 2012, due to end on April 5, 2024.

Following the acquisition of the subsidiaries Blue Advertainment, Blue Event and Digital Factory by your company (formerly held by Front Line), a new lease contract was signed on December 16, 2013 to modify the surface areas sublet to Front Line. This new lease provides for an annual sub-lease amount of €2.3 million, excluding service charges and common area maintenance fees, based on the same prices per square meter as those paid by your company.

On February 11, 2015, a new amendment was signed to reflect the changes in the occupied space following the relocation of a Front Line employee. The space formerly occupied by this employee will now be available for EuropaCorp.

The Board of Directors of your company authorized this amendment at its meeting of March 26, 2015. The Board of Directors nonetheless noted:

- that Front Line did not consistently pay its rent;
- that the premises leased by Front Line are little used by the company, but rather by sub-lessees - it being noted that the lease provided Front line with a sublease option.

Consequently, at its meeting of May 23, 2017, the Board of Directors of your company authorized Senior Management to:

- terminate the lease of December 16, 2013;
- obtain a transfer of the contracts with the current Front Line sub-lessees;
- take all measures required to settle any rent amounts due.

Accordingly:

- On March 27, 2019, your company's Board of Directors approved a new payment schedule so that Front Line may settle the balance of its rent liability, totaling €319,982.56 as of that date, via 30 monthly payments beginning on April 1, 2019. However, Front Line entered safeguard proceedings on May 28, 2019. In the Front Line plan, Front Line's debt to your company was declared to amount to €309,248.30;
- On September 29, 2017, the parties signed a memorandum of understanding for the purpose of terminating the subleasing agreement of December 16, 2013. The termination will take place in stages through the gradual return of the spaces that are not or are no longer occupied by a sublease. Accordingly, the parties signed, pursuant to the terms and conditions of this memorandum, several amendments intended to reduce the overall base of the lease.

The amount billed to Front Line for the financial year (including charges and common areas) totaled €33,839.28 excluding taxes.

### *2.1.3 La Cité du Cinéma film studio financing: memorandum of understanding and granting of guarantees for the lease contract.*

The following decisions, as well as the agreements resulting therefrom, were deemed to constitute regulated agreements, given the indirect interest of Front Line, a 10% co-partner of SCI Les Studios de Paris. These agreements were approved by the Board of Directors on March 23, 2010.

**Signature of a memorandum of understanding**

Persons concerned:

- Front Line, a member of the Board of Directors of your company and co-partner of SCI Les Studios de Paris;
- Luc Besson, Chairman of the Board of Directors of your company and Chairman of Front Line.

Nature and purpose:

On May 13, 2009, your company signed a memorandum of understanding relating to the equity participation of two companies to be formed in connection with the La Cité du Cinéma project. Under the terms of this memorandum, your Company undertook to partner with several companies, including Front Line, with a 40% and 9.99% stake, respectively, within SCI Les Studios de Paris.

On July 29, 2009, your company entered into a shareholders' agreement concerning Les Studios de Paris. The purpose of the agreement was to define the terms of their equity participation in the company.

Your company also entered into an agreement with the same shareholders as those with which it entered into SCI Les Studios de Paris, to become a shareholder with 40% of the share capital of Société d'Exploitation des Studios de Paris which is responsible for the operational exploitation of the La Cité du Cinéma film studios.

**Signature of a lease agreement**

Persons concerned:

- Front Line, member of the Board of Directors of your company, legal entity Chairman of EuropaCorp Studios and with an indirect holding in, and co-partner of, SCI Les Studios de Paris;
- Luc Besson, Chairman of the Board of Directors of your company and Chairman of Front Line.

Nature and purpose:

On March 23, 2010, the Board of Directors of your company authorized the signature of a real estate lease by SCI Les Studios de Paris with a pool of leasing companies. This agreement concerns the acquisition of La Cité du Cinéma shooting sets.

In connection with this lease, your company also signed a pledge agreement with the pool of lending banks of the 300,000 shares it holds in the share capital of SCI Les Studios de Paris in order to guarantee said SCI's commitments totaling €18,000,000.

The lease was also accompanied by a lock-up commitment under which the company undertakes not to sell, during the term of the lease, without the prior agreement of the pool of lending banks, the shares that it holds in the SCI and Société d'Exploitation des Studios de Paris.

Lastly, as part of this transaction, the Board of Directors also authorized your company to sign a guarantee with BCME-Arkéa for €1,300,000.

On May 10, 2017, a total transfer of assets was completed between the companies SAS Studio de Paris and SCI Studios de Paris. Following this transaction, SCI Studios de Paris changed its name to "Les Studios de Paris".

**Subletting agreement with "B.O." S.A.R.L.**

Persons concerned:

- Front Line, a member of the Board of Directors of your company, and shareholder in the company B.O. with a 51% stake;
- Luc Besson, Chairman of the Board of Directors of EuropaCorp, Chief Executive Officer and shareholder of your company and Chairman and majority shareholder of Front Line.

Nature and purpose:
EuropaCorp and the restaurant Le B.O entered into a subletting agreement for ground-floor premises in the central hall of La Cité du Cinéma.

An amendment to the commercial subletting agreement for ground-floor premises in the central hall of La Cité du Cinéma, originally entered into with B.O. on October 15, 2013, was signed on April 8, 2015. Under the terms of this amendment:

- your company recognizes that the leased premises are divisible and, therefore, that B.O. has a direct right to renewal of the lease, within the meaning of Article L.145-32, paragraph 2, of the French Commercial Code and subject to the owner's agreement;
- your company agrees to cover a third of the work carried out by B.O., i.e. the amount of €239 thousand, with the total work amounting to €716 thousand;
- your company grants B.O. an additional three-month rent-free period (in addition to the 12 months already granted from April 1, 2013 to March 31, 2014), since the work only finally began in July 2013, instead of April 2013;
- on expiry of the lease, if your company requires the premises to be restored to their original state, B.O. will not be liable for the costs of this rehabilitation work.

The amendment, considered a regulated agreement owing to Front Line's indirect interest, was authorized at the Board of Directors meeting of March 26, 2015.

### *2.2 Agreements approved in prior financial years that were not executed during the past year*

Furthermore, we have been informed of the continuation of the following agreements already approved by the General Meeting in prior financial years, that were not executed during the past year.

#### *2.2.1 Cooperation agreement between EuropaCorp and Seaside Films Company*

Persons concerned:

- Luc Besson, Chairman of the Board of Directors of EuropaCorp, Chief Executive Officer and shareholder of your company and majority shareholder of Seaside Films Company;
- Front Line, member of the Board of Directors of your company.

Nature and purpose:
On February 11, 2003, your company signed a cooperation agreement with retroactive effect to April 1, 2002 with Seaside Films Company, based in California. As part of the agreement, Seaside Films Company assisted your company with research and development in the United States for scripts which could be used as the basis for the production of films. The agreement provided for annual fixed compensation of $200,000, plus compensation for any subcontractors, which Seaside Films Company charged to your company at actual cost, without any profit margin.

At its meeting of April 17, 2012, the Board of Directors of your company authorized the signing of a rider increasing the fixed annual compensation to $270,000 as from April 1, 2012. Moreover, during that meeting, an adjustment invoice of $120,000 was authorized for the financial year ended March 31, 2012, to take into account any additional costs incurred by Seaside Films Company.

On March 18, 2013, your company established a U.S. subsidiary, EuropaCorp Films USA Inc., to take over script development. Seaside Films Company is therefore no longer paid for this service. Only the expenses incurred by Seaside Films Company, mainly for copyright, are reinvoiced, without any profit margin, to your company.

The agreement had no impact on the financial year.

#### 2.2.2 *Agreement between EuropaCorp and Curious Media as part of the production of the film Anna*

Persons concerned:

- Curious Media, controlled by Marc Shmuger;
- Marc Shmuger, Chief Executive Officer of your company on the date of signature of this agreement and until December 31, 2017.

Nature and purpose:
On September 20, 2017, EuropaCorp and Curious Media LLC dba Global Produce signed an agreement to define the responsibilities of the latter as producer for the film Anna. The contract provides for fixed compensation for Curious Media LLC dba Global Produce in the amount of $500,000.

The agreement was approved by the Board of Directors on December 1, 2017.

In addition, within the framework of the production of Anna, on October 27, 2017, EuropaCorp and Summit Entertainment LLC signed a distribution contract for the film Anna for the United States only. Under this agreement Marc Shmuger receives variable compensation based on the Domestic Box Office revenue (U.S. distribution revenue). While the compensation is payable by Summit Entertainment LLC only, the bonus is enforceable by Summit Entertainment LLC against your company for the determination of the net earnings of the film.

Your company's Board of Directors approved the signature of this agreement at its meeting of December 1, 2017.

No compensation was paid to Marc Shmuger during the financial year under this agreement.

Paris and Vincennes, on July 29, 2020

The Statutory Auditors

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|---|---|
| Auditeurs & Conseils Associés<br>ACA Nexia<br>represented by | Premier Monde<br><br>represented by |
| Olivier Juramie | Arnaud Malivoire |

# 18 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS

## *18.1 Historical financial information*

The Company's consolidated financial statements for the financial year ended March 31, 2020, prepared in accordance with IFRS, are included in Appendix 1 to this Universal Registration Document.

The Company's last audited financial statements are the consolidated financial statements for the financial year ended March 31, 2020.

### Verification of the historical annual financial information: Statutory Auditors' report on the Company's consolidated financial statements for the year ended March 31, 2020

To the General Meeting of EuropaCorp,

**Opinion**

Pursuant to the mission entrusted to us by your General Meeting, we conducted the audit of the consolidated financial statements of EuropaCorp for the financial year ended on March 31, 2020 as attached to this report. These financial statements were approved by the Board of Directors on July 28, 2020 on the basis of information available on that date in the evolving context of the COVID-19 health crisis.

In our opinion, the consolidated financial statements give a true and fair view of the results of the operations of the companies included in the consolidation for the year ended, in accordance with the IFRS standards as adopted in the European Union.

The opinion provided above is consistent with the content of our report to the Audit Committee.

**Basis of our opinion**

*Audit standards*

We conducted our audit in accordance with the professional standards applicable in France. We believe that the items we have collected form a sufficient and appropriate basis for our opinion.

Our responsibilities by virtue of the standards are listed in the Section "Responsibilities of the Statutory Auditors with respect to the audit of the consolidated financial statements" of this report.

*Independence*

We conducted our audit in accordance with the rules of independence applicable to us for the period from April 1, 2019 to the date of issue of our report, and we specifically did not provide any services prohibited by Article 5, paragraph 1, of Regulation (EU) no. 537/2014 or by the Statutory Auditors' code of ethics.

**Observation**

Without calling into question the opinion expressed above, we would like to draw your attention to the following point presented in Note "2.2 Changes in the IFRS framework" of the notes to the consolidated statements regarding the initial application of IFRS 16 "Leases".

**Justification of our assessments – Key points of the audit**

In accordance with the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code regarding the justification of our assessment, we hereby inform you of the key points of our audit relating to the risks of material misstatements that, in our professional opinion, were most significant for the audit of the financial year's consolidated financial statements, and our response to those risks.

The assessments thus made are part of our audit of the consolidated financial statements, taken as a whole, approved as previously stated, and therefore contributed to the formation of our opinion expressed above. We do not express an opinion on the elements of the consolidated financial statements considered individually.

Recognition of Television, International Sales and Theatrical distribution revenue

(Notes 2.18 and 4.1 of the notes to the consolidated financial statements)

**Risk identified**

As of March 31, 2020, the Group had revenue of €69.8 million, of which 21% from international rights sales contracts called "International Sales", 39% from the sale of TV rights and 13% from distribution in movie theaters.

As explained in Notes 2.18.1, 2.18.2 and 2.18.3 of the notes to the consolidated financial statements, the principles for recognizing revenue from International Sales, TV sales and distribution in movie theaters are different. In addition, multi-rights contracts can include several operational phases for a work, which can be a source of complexity when identifying revenue-generating events.

As a result, we have considered the recognition of revenue from International Sales, Theatrical distribution and Television sales as a key point of our audit due to its significant impact on the Group's financial statements.

**Our answer**

We reviewed the internal control procedures implemented and tested the main controls in place for revenue recognition. To obtain a sampling of TV and International sales contracts deemed significant due to their financial impact:

- we compared contract data with management and accounting data;
- for distribution in movie theaters, we compared the invoice data from the information system with accounting data;
- we ensured that revenue recognition principles were applied.

We also implemented substantial controls on a sampling of trade receivables and invoices to be created to assess Management's estimates.

Valuation of film and audiovisual rights
(Notes 2.7.4 and 3.2 of the notes to the consolidated financial statements)

**Risk identified**

On March 31, 2020, the films and audiovisual works produced or distributed by the EuropaCorp Group are intangible fixed assets in the net amount of €52.5 million.

As mentioned in Note 2.7.4 of the notes, film and audiovisual works are amortized using the estimated revenue method which is the best-suited method to reflect the consumption of the future economic benefits of these assets. This method consists in applying to the cost of the film the ratio resulting from the comparison between the net revenue earned and the total net projected revenue for a period of 12 years as of the date of first use.

The estimate of net projected revenue is reviewed by management and adjusted, if required, based on contracts signed or planned, on the report by the independent expert appointed by the company for international territories, or on the evolution of the audiovisual market.

We therefore consider the assessment of films and audiovisual rights as a key point of the audit due to (i) their significance for the Group's financial statements, and (ii) the judgments required to determine their recoverable value.

**Our answer**

Our audit method consisted in verifying, on the basis of a sample of films, that the use of these estimates did not result in an over-estimation or under-estimation of the net book value of these intangible assets.

Our work consisted in:

- analyzing compliance with the accounting standards in effect and the continued use of the amortization method applied by the Group and in verifying the correct implementation of the amortization calculation rule;
- reconciling (i) the amount of net revenue acquired with the management data, and (ii) the amount of revenue estimated by the experts based on their reports with the estimated future revenue retained;
- assessing the consistency of revenue estimates with the history of results, comparing the pace of future revenue with actual performance, and analyzing changes in future revenue between the two closings via sampling.

Lastly, we verified the appropriate nature of the information provided in Note 2.7.4 of the notes to the consolidated financial statements.

Recoverable value of goodwill and the CGUs

(Notes 2.6 and 3.1 of the notes to the consolidated financial statements)

**Risk identified**

As explained in Note 2.6 of the notes to the consolidated financial statements, goodwill is allocated to the smallest group of assets or cash generating units (CGU) represented by the activities of the various companies for the purpose of conducting impairment tests. Impairment tests are conducted each time there is an indication of loss of value and consistently at the close of each financial year. Impairment is recognized when the recoverable value of the CGUs is less than the net book value.

To determine the value in use of the CGUs, management applies the discounted cash flow method (DCF) which implies the use of structuring assumptions for each asset class such as, notably, the terminal growth rate and the discount rate.

Determination of the recoverable value of the goodwill of the CGUs is based on the judgment of management including, notably, cash flow projections and the discount rate applied to them. We therefore considered the evaluation of the recoverable value of the CGUs as a key point of the audit.

**Our answer**

We obtained the impairment test of each of the CGUs and, based on this information, we focused our attention on the following items:

- examining the conformity of the methodology used by the Group with the accounting standards in effect and consistency with the Group's strategy;
- testing all of the elements of the book value of the CGUs and the consistency of the determination of the value with the cash flow projections;
- assessing the consistency of the discount rate applied and cash flow projections with the latest management estimates as presented to the Board of Directors as part of the budget processes.

Lastly, we assessed the suitability of the information provided in Notes 2.6 and 3.1 of the notes to the consolidated financial statements.

**Specific verifications**

In accordance with the professional standards applicable in France, we also completed the specific verifications required by the laws and regulations regarding the information pertaining to the Group provided in the Board of Directors' management report, approved on July 28, 2020. In terms of the events that occurred and information of which we have become aware concerning the COVID-19 crisis since the reporting date, management have informed us that they will be included in a communication to the General Meeting called to approve the financial statements.

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

**Information resulting from other legal and regulatory obligations**

<u>Appointment of the Statutory Auditors</u>

We were appointed as statutory auditors for EuropaCorp by the General Meeting of September 26, 2014 in the case of Auditeurs et Conseil Associés – ACA Nexia and by the General Meeting of September 27, 2019 in the case of Acofex.

As of March 31, 2020, the firm Auditeurs et Conseils Associés – ACA Nexia was in its sixth consecutive year of service and Acofex in its first year.

**Responsibilities of management and those charged with corporate governance for the consolidated financial statements**

It is the responsibility of management to prepare consolidated financial statements presenting a true picture, in accordance with IFRS as adopted in the European Union, and to implement the internal controls it deems necessary for the preparation of consolidated financial statements containing no material misstatements result either from fraud or errors.

At the time the consolidated financial statements are prepared, it is the responsibility of management to assess the ability of the company to continue its operations, to present in its financial statements, if required, the information necessary for continued operations and to implement the going concern principle unless plans have been made to liquidate the company or cease its operations.

It is the responsibility of the audit committee to monitor the preparation of the financial information and to track the effectiveness of internal control and risk management systems as well as, in the event of an internal audit, the procedures related to the preparation and processing of the accounting and financial information.

The consolidated financial statements have been approved by your Board of Directors.

**Responsibilities of the Statutory Auditors with respect to the audit of the consolidated financial statements**

Audit objective and process

It is our responsibility to prepare a report on the consolidated financial statements. Our goal is to obtain reasonable assurance that the consolidated financial statements considered overall do not contain any material misstatements. Reasonable assurance reflects a high level of confidence without, however, guaranteeing that an audit conducted in accordance with professional standards will ensure the consistent identification of material misstatements. Misstatements can result from fraud or errors. They are considered to be significant when it can be reasonably expected that they will, taken individually or together, impact the financial decisions the users of the financial statements take based on them.

As stated in Article L.823-10-1 of the French Commercial Code, our mission to certify the financial statements does not consist in guaranteeing the viability or quality of the management of your company.

As part of an audit conducted in accordance with the professional standards applicable in France, the Statutory Auditors exercise their professional judgment throughout the audit process. In addition:

- they identify and assess the risk that the consolidated financial statements contain material misstatements whether they are the result of fraud or errors, define and implement audit procedures to address the risks and collect the information they believe is sufficient and appropriate to found their opinion. The risk of non-identification of a significant misstatement resulting from fraud is greater than that of a significant misstatement resulting from an error given that fraud can imply collusion, falsification, voluntary omissions, false statements and the bypassing of internal controls;
- they review the internal control system relevant to the audit in order to define the appropriate audit procedures for the circumstances and not for the purpose of expressing an opinion on the effectiveness of internal control;
- they assess the suitability of the accounting methods used and the reasonable nature of the accounting estimates made by management and the information about them provided in the consolidated financial statements;
- they assess the suitability of the application by management of the going concern principle and, based on the information collected, whether or not there is significant uncertainty related to events or circumstances with the potential to negatively impact the ability of the Company to continue operating. The assessment is based on all of the information collected up to the time of the report, being noted that subsequent circumstances or events may prevent the Company from continuing to operate. If they conclude that there is significant uncertainty, they will draw the attention of the readers of their report to the information provided in the consolidated financial statements regarding the uncertainty or, if the information is not provided or not relevant, they will issue a qualified opinion or refuse certification;
- they assess the overall presentation of the consolidated financial statements and assess whether the consolidated financial statements reflect underlying operations and events in a way that provides a truthful picture;

- with respect to the financial information of the persons and entities included in the scope of consolidation, they collect the information they deem sufficient and necessary to express an opinion on the consolidated financial statements. They are responsible for the management, supervision and completion of the audit of the consolidated financial statements and for the opinion expressed about the statements.

Report to the audit committee

We hereby submit a report to the audit committee which presents the extent of the audit work done and the program implemented as well as the conclusions of our work. We also inform the committee, if applicable, of any significant weaknesses in internal control which we identified with respect to the procedures used to prepare and process the accounting and financial information.

The information provided in the report to the audit committee includes the risks of significant misstatements which we believe are most significant for the audit of the consolidated financial statements for the financial year and which are, therefore, key points of the audit. These points are described in this report.

We have also provided to the Audit Committee the statement required by Article 6 of Regulation (EU) no. 537-2014 confirming our independence, within the meaning of the rules applicable in France as defined by Articles L. 822-10 to L.822-14 of the French Commercial Code and in the code of ethics for Statutory Auditors. If need be, we will meet with the audit committee to discuss any threats to our independence and the safeguard measures applied.

Paris and Vincennes, on July 29, 2020

The Statutory Auditors

| | |
|---|---|
| Auditeurs & Conseils Associés<br>ACA Nexia | Premier Monde |
| represented by<br>Olivier Juramie | represented by<br>Arnaud Malivoire |

### *18.2 Interim financial information*

The Company's consolidated financial statements for the half-year ended September 30, 2019, prepared in accordance with IFRS, are included in Appendix 5 of this Universal Registration Document.

**Statutory Auditors' report on the interim financial statements**
**Period of April 1 to September 30, 2019**

To EuropaCorp 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, 2019;
- verifications on the information provided in the half-yearly activity report.

These interim condensed consolidated financial statements were prepared under the responsibility of the Board of Directors. Our responsibility is to express our conclusion on these financial statements, based on our limited review.

**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 calling into question the above conclusion, we would like to draw your attention to Note 2.2 “Significant uncertainty related to continuity as a going concern” and Note 2.3 “New standards and interpretations applied” in the interim condensed consolidated financial statements which set out significant uncertainty linked to events or circumstances likely to present a challenge to continuity as a going concern and the accounting method used to apply IFRS standard 16 “Leases” for the first time from April 1, 2019, respectively.

**Specific verification**

We have also verified the information presented in the half-yearly activity report commenting on the interim condensed consolidated financial statements that were the subject of our limited review.

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

Paris and Lyon, December 13, 2019

The Statutory Auditors

Auditeurs & Conseils Associés
represented by
Olivier Juramie

Acofex
represented by
Arnaud Malivoire

## *18.3 Audit of the historical annual financial information*

### 18.3.1 Independent audit of the historical annual financial information for the last three financial years

The annual and half-yearly financial statements for 2017, 2018 and 2019 were subject to an independent audit in accordance with Directive no. 2014/56/EU of the European Parliament and Council and Regulation (EU) no. 537/2014 of the European Council.

### 18.3.2 Other audited information

The half-yearly financial statements presented in Appendix 6 were also subject to an independent audit.

### 18.3.3 Sources and reasons why information was not audited

None.

## *18.4 Pro forma financial information*

None.

## *18.5 Dividend allocation policy*

### 18.5.1 Company dividend allocation policy

For the financial year ended March 31, 2020, in light of the net losses, shareholders will not be paid any dividends.

In the longer term, given the restructuring that has just been finalized (see Section18.7 below), the future dividends policy has yet to be determined.

### 18.5.2 Dividends paid out over the past three financial years

For the financial years ended March 31, 2017, 2018 and 2019, the General Meeting of Shareholders resolved not to pay out any dividends.

## *18.6 Legal and arbitration proceedings*

The Group may from time to time be involved in legal, administrative or regulatory proceedings in the normal course of its business. With the exception of the safeguard procedure pronounced by the Commercial Court of Bobigny on May 13, 2019, the plan for which was approved by the Commercial Court of Bobigny on July 24, 2020, to the Group's knowledge, there are no pending or looming governmental, legal or arbitration proceedings, which may have, or have had over the past 12 months, a significant unfavorable impact on the Group's business, financial position or results.

A note on the main disputes is included in the notes to the consolidated financial statements (Appendix 1) and the notes to the separate financial statements (Appendix 2).

## *18.7 Significant change in the financial or business position*

On April 30, 2019, EuropaCorp SA and nine of its subsidiaries, EuropaCorp Home Entertainment SAS, Blue Advertainment SAS, Orchestra SAS, EuropaCorp Distribution SAS, EuropaCorp Télévision SAS, Valerian Holding SAS, Digital Factory SAS, T5 Production SAS and Valerian SAS, petitioned the Commercial Court of Bobigny for the safeguard proceedings pursuant to Article L.620-1 of the French Commercial Code.

All companies concerned took on the role of guarantor for the principal and secondary revolving credit lines of October 22, 2014, modified on September 30, 2016 (see Sections 8 and 20 of this Universal Registration Document) for which the main debtor is the U.S. subsidiary EuropaCorp Films USA.

In view of the circumstances, these companies sought the protection of the Court so that any financial restructuring plans may be implemented under favorable conditions.

In judgments handed down on May 13, 2019, the Commercial Court upheld these claims and initiated a 6-month period of observation for each of the relevant companies until November 13, 2019. The Court appointed Marc Nouvion as the supervisory judge; SELAFA MJA, represented by Maitre Axel Chuine, and SARL Bally were appointed judicial agents; SELARL FHB, represented by Maitre Hélène Bourbouloux, and SCP Patrice Brignier were appointed as court-appointed administrators.

The creditors of the credit lines and those holding equity interests (see Sections 8 and 20 of this Universal Registration Document) granted waivers, valid until at least October 31, 2019, through which they waived the acceleration clause for the sums owed to them due to the initiation of the safeguard proceedings, in accordance with the provisions of French law.

The draft safeguard plan was unanimously approved by the Company's creditors' committees on February 28, 2020, as stated below. Alternative funding was identified with the assistance of Vine Media Opportunities – Fund III, L.P., Vine Media Opportunities – Fund III-A, L.P., Vine Media Opportunities – Fund III-B, L.P., and Vine Media Opportunities – Fund III-A AIV, L.P. (the "Vine Funds"), so as to secure the funding of future productions subject to the final approval of the safeguard plan by the Commercial Court of Bobigny (for more details see Sections 3.2.1 and 8.2.2 of the Universal Registration Document).

The Board of Directors of EuropaCorp approved the draft safeguard plan on March 10, 2020.

The resolutions necessary for the implementation of the safeguard plan were put to a vote of the Company's Combined General Meeting of April 28, 2020, and were approved.

The EuropaCorp safeguard plan was approved on July 24, 2020 by the Commercial Court of Bobigny and a new credit line of $100 million allocated by Vine to fund future productions has been put in place.

Following the Commercial Court's decision to approve the safeguard plan and the lifting of all conditions precedent, both capital increases with removal of the preferential subscription right of shareholders, reserved for the Vine and Falcon funds, the Company's main creditors, totaling €192,519,075.01, issue premium included (the "Reserved Capital Increases"), were completed. On July 28, 2020, the funds Vine and Falcon have subscribed for the new shares issued within the Reserved Share Capital Increases. The new shareholders hold consequently 60.15% of EuropaCorp's share capital for Vine and 6.29% for Falcon. The concert formed by Luc Besson, Front Line and Lambert Capital BV now holds 13.00% of the Company's share capital. The amount of the subscription price of the Reserved Share Capital Increases has been paid up by equitization of the Participation Deal and Mezzanine Debt.

As such, the Company exited the safeguard procedure on July 24, 2020.

# 19 ADDITIONAL INFORMATION

The Company is a French public limited company (société anonyme) governed by applicable French laws and regulations and the Company's Articles of Association.

## *19.1 Share capital*

### 19.1.1 Amount of share capital

On the filing date of the Universal Registration Document, the Company's share capital amounted to €41,514,758.54. It was divided into 122,102,231 fully paid-up ordinary shares of the same category, with a par value of €0.34 each.
Following the capital increases on July 28, 2020, the Company's 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.

### 19.1.2 Securities that do not represent capital

As of the date of this Universal Registration Document, no securities that do not represent share capital have been issued by the Company.

### 19.1.3 Securities held by EuropaCorp, for its own account, or by its subsidiaries

The General Meeting granted the Board of Directors the following authorizations, in force during the financial year:

| Authorizations granted to the Board of Directors | Ceiling | Term of authorization | Date of the Meeting and resolution number |
|---|---|---|---|
| Authorization to purchase Company shares or have them purchased within the framework of a share buyback program capped at 10% of the share capital | 10% of the Company's share capital | 18 months Canceled on 09/27/2019 | 09/27/2018 No. 11 |
| Authorization to purchase Company shares or have them purchased within the framework of a share buyback program capped at 10% of the share capital | 10% of the Company's share capital | 18 months | 09/27/2019 No. 9 |
| Authorization, subject to a condition precedent, to reduce the share capital through the cancellation of shares | 10% of the Company's share capital per 24-month period | 24 months Canceled on 09/27/2019 | 09/27/2018 No. 25 |
| Authorization, subject to a condition precedent, to reduce the share capital through the cancellation of shares | 10% of the Company's share capital per 24-month period | 18 months | 09/27/2019 No. 24 |

It will be proposed that the General Meeting called to approve the financial statements for the financial year closed on March 31, 2020 renew these authorizations.
On November 9, 2009, within the framework of the share buyback program, the Company signed a liquidity agreement with Natixis (transferred to the company ODDO BHF as of July 2, 2018) in compliance with the ethics charter approved by the AMF.
During the 2018/2019 financial year, only the authorizations to purchase Company shares or have them purchased within the framework of a share buyback program have been used.

## A. *Special Report pursuant to Article L.225-211 of the French Commercial Code*

I. Description of the share buyback program implemented during the 2019/2020 financial year

*Legal framework*

The Combined General Meeting of September 27, 2018, in its eleventh resolution, canceled the existing authorization and granted a new authorization to the Board of Directors for a period of 18 months.

The Combined General Meeting of September 27, 2019, in its ninth resolution, canceled the existing authorization and granted a new authorization to the Board of Directors for a period of 18 months.

*Characteristics of the share buyback program*

The conditions for the implementation of the authorizations granted by the eleventh resolution of the Combined General Meeting of September 27, 2018 and by the ninth resolution of the Combined General Meeting of September 27, 2019 are identical.

By virtue of the authorizations, the maximum purchase price is set at €15.50 and the total amount of the purchases is capped at €20 million.

EuropaCorp's Board of Directors is authorized to buy a number of shares representing no more than 10% of the Company's share capital on the date of the actual purchases, with the understanding that the number of shares purchased with a view to their retention or their future use for payment or exchange purposes in any external growth operations cannot exceed 5% of the Company's share capital.

In accordance with applicable regulations and AMF approved market practices, the objectives of the share buyback program are the following:
- cancellation of shares to reduce the share capital by virtue of a cancellation authorization granted to the Board of Directors by the Extraordinary General Meeting;
- buoyancy of the secondary market or liquidity of Company securities within the framework of a liquidity contract signed with an independent investment service provider in accordance with the code of ethics recognized by the AMF;
- allocation of shares to the employees and officers of the Company and/or companies linked to it or which shall be linked to it under the terms and conditions defined by applicable legal provisions, for the exercise of purchase options, the award of free shares or participation in the Company's profit-sharing scheme;
- delivery or exchange of shares upon the exercise of rights attached to marketable or debt securities which entitle their holders, in any manner, immediately or in the future, to the allocation of Company shares;
- retaining of shares or their future use for payment or exchange purposes in any external growth operations;
- any other practice that would come to be accepted or acknowledged by law or by the AMF, or any other objective that would comply with current regulations.

Moreover, the Combined General Meeting of September 27, 2018, in its twenty-fifth resolution, authorized the Board of Directors to reduce the share capital through one or more operations, over a period of 24 months, in the proportions and at the times it deems fit, through the cancellation of all or part of the shares purchased by the Company under any share buyback programs within the limit of 10% of the share capital per 24-month period.
The Combined General Meeting of September 27, 2019, in its twenty-fourth resolution, canceled the existing authorization and authorized the Board of Directors to reduce the share capital under the

same conditions for a period of 18 months.

II. Share buybacks by EuropaCorp during the financial year ended March 31, 2020

The table below summarizes the transactions completed during the financial year ended on March 31, 2020.

**Share transactions from April 1, 2019 to March 31, 2020**

| | **Liquidity agreement** | **Share buyback outside the liquidity agreement** |
|---|---|---|
| Number of shares purchased | 269,059 | - |
| Number of shares sold | 253,081 | - |
| Weighted average price | €0.95 | - |
| Trading fees | - | - |
| Purpose | Supporting the share price | Possible external growth operations |
| **On the financial year closing date / At March 31, 2020** | | |
| Number of shares registered in the Company's name | 51,422 | 14,229 |
| Value of the shares at the average purchase price | 47,927 | 13,262 |
| Value of the shares at the closing price | 27,511 | 7,613 |
| Par value of the shares | €0.34 | €0.34 |
| % shares/capital | 0.13% | 0.03% |

Outside the liquidity agreement, the Company carried out no transactions on its own shares under the share buyback program during the financial year ended March 31, 2020.

On March 31, 2020, the Company held 65,651 shares, representing 0.16% of its share capital, valued at €35,123 based on the closing price of EuropaCorp stock on March 31, 2020 (i.e. €0.535). In accordance with applicable legal and regulatory requirements, these shares do not carry dividend rights or voting rights.

No treasury share was canceled by the Company during the 24 months preceding the close of the financial year. No Company shares are directly or indirectly held by Company subsidiaries.

### *B. Description of the share buyback program submitted to the Combined General Meeting of September 27, 2019*

The Combined General Meeting of September 27, 2019 authorized the Board of Directors to implement a new share buyback program under the terms of the ninth resolution.

The main characteristics of this program are identical to those of the program approved by the General Meeting of September 28, 2018. In particular, the new program authorizes the Board of Directors, with the possibility of sub-delegation of authority, to purchase Company shares or have them purchased within the limit of the number of shares representing 10% of the share capital on the actual date of these purchases, with the understanding that the total number of shares held after these purchases may not exceed 10% of the Company's share capital.

The maximum purchase price is set at €15.50 per Company share. The maximum amount of the purchases authorized under the share buyback program is capped at €20 million. However, in the event of share capital transactions, such as the capitalization of reserves, the award of free shares, stock splits or reverse stock splits, the above-stated price can be adjusted accordingly.

The acquisition, sale or transfer of these shares may be carried out by any means, in one or more transactions, on the market or over-the-counter, including through block purchases or sales, public offerings, by using derivative instruments or bonds or marketable securities giving rights to Company shares, or through the set-up of option plans, under the conditions set by the market authorities and in compliance with the applicable regulations.

The Company can use this authorization for the purposes set out below, in compliance with the above-mentioned texts and the market practices approved by the AMF:
- cancellation of shares to reduce the share capital by virtue of a cancellation authorization granted to the Board of Directors by the Extraordinary General Meeting;
- buoyancy of the secondary market or liquidity of Company securities within the framework of a liquidity contract signed with an independent investment service provider in accordance with the code of ethics recognized by the AMF;
- allocation of shares to the employees and officers of the Company and/or companies linked to it or which shall be linked to it under the terms and conditions defined by applicable legal provisions, for the exercise of purchase options, the award of free shares or participation in the Company's profit-sharing scheme;
- delivery or exchange of shares upon the exercise of rights attached to marketable securities that entitle their holders, in any manner, immediately or in the future, to the allocation of Company shares;
- retaining of shares or their future use for payment or exchange purposes in any external growth operations;
- any other practice that would come to be accepted or acknowledged by law or by the AMF, or any other objective that would comply with current regulations.

Notwithstanding the above, the number of shares acquired by the Company for their retention or future use for payment or exchange purposes in any merger, spin-off or asset transfer may not exceed 5% of its capital.

This authorization is granted for a period of 18 months as of the date of the General Meeting.

The Board of Directors may carry out transactions involving the purchase, sale or transfer of Company shares at any time, in compliance with the legal and regulatory provisions, including during a takeover bid or public exchange offer initiated by the Company or targeting Company securities.

The General Meeting granted all powers to the Board of Directors, with the right to sub-delegate as defined by Article L.225-209, paragraph 3, of the French Commercial Code, in order to decide on how to implement this authorization and set the terms thereof, in particular to adjust the aforementioned purchase price in the case of transactions that alter shareholder's equity, the capital stock or the par value of the shares, place all orders on the stock exchange, sign all agreements, complete all declarations and formalities, and generally do everything necessary.

Moreover, the Combined General Meeting of September 27, 2019 authorized the Board of Directors to reduce the share capital through one or more operations, over a period of 18 months, in the proportions and at the times it deems fit, through the cancellation of all or part of the shares purchased by the Company under any share buyback programs within the limit of 10% of the share capital per 24-month period.

### 19.1.4 Securities giving an entitlement to a share of the capital

The Combined General Meeting of September 28, 2012 authorized the Board of Directors to award free shares to employees and corporate officers of the Company.

At its meeting of May 22, 2013, the Board of Directors resolved to award a maximum of 2,475,283 free shares to employees of the Company and its subsidiaries located in France and directly owned by EuropaCorp and to its Chief Executive Officer. However, at its meeting of December 19, 2013, the Board of Directors noted that certain changes in legal requirements, which came into force after its decision of May 22, 2013 to set up a free share allocation plan, would have an unfavorable impact on the Company by significantly increasing the cost of this plan.

Consequently, the Board of Directors recognized that the conditions set out under Article 9 of the Plan rules had been met, thereby impeding the award of free shares to the Chief Executive Officer.

The award of free shares now involves a maximum of 273,783 new or existing shares, i.e. around 0.93% of the share capital.

On May 22, 2015, the Board of Directors acknowledged the fulfillment of the award conditions and therefore the issuance of 233,783 new shares with a par value of thirty-four (34) euro cents each, for the benefit of employees present in the Group at May 22, 2013 and eligible for the award on May 22, 2015.

### 19.1.5 Delegations of power and financial authorizations

The Combined General Meetings of September 27, 2018 and September 27, 2019 granted the Board of Directors the following powers and authorizations, which are still valid:

| Delegations of power granted to the Board of Directors for capital increases | Maximum nominal amount of the capital increase | Use of the delegation during the year | Term of the delegation | Date of the Meeting and resolution number |
|---|---|---|---|---|
| Delegation of power for the purposes of deciding on the issue, while maintaining shareholders' preferential subscription rights, of ordinary shares and/or marketable securities giving access to the Company's share capital, either immediately or in the future, or the issue of debt securities | €4,000,000* | Nil | 26 months | 09/27/2019<br><br>No. 11 |
| Delegation of power for the purposes of deciding on the issue, by means of public offering while canceling shareholders' preferential subscription rights, of ordinary shares and/or marketable securities giving access to the Company's share capital, either immediately or in the future, or the issue of debt securities | €4,000,000* | Nil | 26 months | 09/27/2018<br><br>No. 13 |

| Delegations of power granted to the Board of Directors for capital increases | Maximum nominal amount of the capital increase | Use of the delegation during the year | Term of the delegation | Date of the Meeting and resolution number |
|---|---|---|---|---|
| Delegation of power for the purposes of deciding on the issue, while canceling shareholders' preferential subscription rights, of ordinary shares and/or marketable securities giving access to the Company's capital, either immediately or in the future, or the issue of debt securities within the framework of the offering as defined in part II of Article L.411-2 of the French Monetary and Financial Code | 20% of the capital per 12-month period* | Nil | 26 months | 09/27/2018<br>No. 14 |
| Authorization to be granted to the Board of Directors for the purposes of setting the issue price of ordinary shares or marketable securities within the limit of 10% of the capital per year, while canceling shareholders' preferential subscription rights | Ceiling applicable to the resolution used €(4,000,000)* | Nil | 26 months | 09/27/2019<br>No. 14 |
| Authorization to be granted to the Board of Directors for the purposes of increasing, in accordance with Article L.225-135-1 of the French Commercial Code, the number of securities to be issued in operations carried out while maintaining or canceling shareholders' preferential subscription rights | Ceiling applicable to the resolution used €(4,000,000)* | Nil | 26 months | 09/27/2019<br>No. 15 |
| Delegation of power to be granted to the Board of Directors for the purposes of deciding on a capital increase through the issue of shares reserved for employees subscribing to a Company Savings Plan, while canceling shareholders' preferential subscription rights in favor of these employees | 2% of the share capital* | Nil | 26 months | 09/27/2018<br>No. 17 |
| Delegation of powers to be granted to the Board of Directors for the purposes of deciding on the issue of ordinary shares within the limit of 10% of the share capital, in consideration of contributions in kind granted to the Company | 10% of the share capital | Nil | 26 months | 09/27/2018<br>No. 20 |
| Delegation of powers to be granted to the Board of Directors to increase the share capital through the issue of ordinary shares or marketable securities giving access to the Company's share capital in consideration of securities tendered in a public exchange offer initiated by the Company | €4,000,000 | Nil | 26 months | 09/27/2018<br>No. 19 |
| Delegation of powers to be given to the Board of Directors to issue marketable securities giving access to the Company's share capital, without preferential subscription rights, as part of an exchange of financial securities | 10% of the share capital | Nil | 18 months | 09/27/2018<br>No. 21 |
| Authorization to grant stock options to employees or corporate officers of the Company and its affiliates | 5% of the share capital | Nil | 26 months | 09/27/2018<br>No. 22 |
| Authorization for the purposes of awarding free shares to employees or corporate officers of the Company and its affiliates | 10% of the share capital | Nil | 26 months | 09/27/2018<br>No. 23 |

| Delegations of power granted to the Board of Directors for capital increases | Maximum nominal amount of the capital increase | Use of the delegation during the year | Term of the delegation | Date of the Meeting and resolution number |
|---|---|---|---|---|
| Delegation of power for the purposes of deciding on a share capital increase through the capitalization of premiums, reserves, profits or other sums | €3,000,000 | Nil | 26 months | 09/27/2019<br><br>No. 23 |

* *These amounts are deducted from the overall maximum set in the 17th resolution of the General Meeting of September 27, 2019.*

At the General Meeting in September 2020, shareholders will be asked to renew these delegations and authorizations.

### 19.1.6 Information on (i) the conditions governing any acquisition rights and/or obligation(s) associated with subscribed, but not yet paid-up share capital, or any transaction intended to increase the share capital and (ii) on the share capital of any Group member which is under option or is subject to a conditional or unconditional agreement to place it under option and details of such options, including the identity of the persons to which they relate

Except for the drag-along and tag-along clauses included in the shareholders' agreement concluded on May 27, 2013 between Front Line and Lambert Capital BV (described in Section 16 of this Universal Registration Document), on the filing date of this Universal Registration Document there is no agreement allowing the purchase or sale of (i) all or part of the share capital of EuropaCorp or (ii) all or part of the share capital of a EuropaCorp subsidiary.

### 19.1.7 History of changes to the share capital

The table below shows the history of changes to the Company's share capital over the past three financial years:

| | *FY 2017/2018* | *FY 2018/2019* | *FY 2019/2020* |
|---|---|---|---|
| **Opening capital** | €13,932,353.06 | €13,932,353.06 | €13,932,353.06 |
| Number of shares canceled during the financial year | 0 | 0 | 0 |
| Number of shares issued during the financial year | 0 | 0 | 0 |
| **Share capital at period end** | | | |
| In euros | €13,932,353.06 | €13,932,353.06 | €13,932,353.06 |
| Number of shares | 40,977,509 | 40,977,509 | 40,977,509 |

#### 19.1.8 Stock market performance

| Date | Highest price | Date of highest price | Lowest price | Date of lowest price | Closing price | Number of shares traded | Number of trading sessions |
|---|---|---|---|---|---|---|---|
| July 19 | 1.352 | 07/18/2019 | 0.999 | 07/12/2019 | 1.1 | 6,095,064 | 23 |
| August 19 | 1.246 | 08/22/2019 | 1.004 | 08/15/2019 | 1.134 | 1,985,245 | 22 |
| September 19 | 1.1 | 09/02/2019 | 0.945 | 09/26/2019 | 0.969 | 1,070,964 | 21 |
| October 19 | 0.902 | 10/01/2019 | 0.8 | 10/24/2019 | 0.83 | 781,653 | 23 |
| November 19 | 0.836 | 11/06/2019 | 0.765 | 11/21/2019 | 0.785 | 454,622 | 21 |
| December 19 | 0.793 | 12/02/2019 | 0.683 | 12/30/2019 | 0.693 | 386,476 | 20 |
| January 20 | 0.95 | 01/08/2020 | 0.671 | 01/27/2020 | 0.685 | 2,835,979 | 22 |
| February 20 | 0.769 | 02/12/2020 | 0.55 | 02/28/2020 | 0.55 | 1,375,835 | 20 |
| March 20 | 0.918 | 03/02/2020 | 0.403 | 03/17/2020 | 0.535 | 5,404,057 | 22 |
| April 20 | 0.741 | 04/30/2020 | 0.526 | 04/03/2020 | 0.741 | 3,502,946 | 20 |
| May 20 | 0.848 | 05/05/2020 | 0.66 | 05/22/2020 | 0.676 | 1,826,749 | 20 |
| June 20 | 0.78 | 06/25/2020 | 0.682 | 06/02/2020 | 0.75 | 1,902,383 | 22 |
| **Summary/Total** | **€1.352** | | **€0.403** | | | **27,621,973** | **256** |

#### 19.1.9 Pledges and sureties

Front Line owns 12,935,903 EuropaCorp shares. There have been no pledges on shares held by Front Line since February 28, 2019, date on which the pledge was lifted at the request of Neuflize OBC. Concerning the pledges of EuropaCorp SA's subsidiaries, see Note 5 of this Universal Registration Document.

### *19.2 Memorandum and Articles of Association*

The provisions described below stem from the Company's Articles of Association updated on November 29, 2016.

#### 19.2.1 Register, financial year and corporate purpose

The company is entered in the Paris Trade and Company Register under number 384 824 041.

*Article 21 of the Articles of Association*

The Company's financial year starts on April 1 and ends on March 31 of each year.

*Article 3 of the Articles of Association*

The Company's purpose, in France and in any other country, is:
- all film-related businesses and, in particular, the production of feature length and short films by any technical and artistic processes, the distribution, purchase, rental, import, export, exploitation and marketing of films, the operation of movie theaters, as well as consultancy, management and organizational services in connection with all of these businesses;
- all businesses connected with audiovisual works in the broadest sense of the term (including works mainly intended for television or the Internet) and in particular, the production of feature and short films by any technical and artistic processes, and the distribution, purchase, rental, import, export, exploitation and marketing of audiovisual works;
- all businesses connected with videograms within the meaning of Article L.215-1 of the Intellectual Property Code and in particular, the production of videograms (feature length and short films) by

any technical and artistic processes, and the distribution, purchase, rental, import, export, exploitation and marketing of videograms;

- all businesses connected with book and music publishing, the production of recordings on all image and/or sound reproduction media in existence or to be developed in the future, the production and publishing of video and multimedia works (including video games, interactive CD-ROM, etc.) on all types of media, and the marketing of such media;
- administrative services for actors, authors, singers and musicians, the acquisition and sale of literary and film rights and commissions in France and abroad, and brokerage deals in connection with those businesses; and more generally;
- all commercial, industrial, advertising, financial, real estate and movable property transactions, directly or indirectly related to the corporate purpose or likely to contribute to the pursuit thereof, both on the Company's own behalf and on behalf of third parties, or any form of investment whatsoever, in particular, through the creation of companies or through share subscriptions, partnerships, mergers, takeovers, the advance of funds, the purchase or sale of securities or rights, the sale or rental of all or part of its real estate and movable property or rights thereto, or through any other means.

#### 19.2.2 Rights, privileges and restrictions attached to each category of shares

*Summary of Article 7 of the Articles of Association*

Each share entitles its holder to one vote at General Meetings of Shareholders, under the conditions set by the French Commercial Code.
Each share entitles its holder to a portion of the corporate profits, assets and liquidation surplus, proportional to the amount of capital it represents.
Share ownership automatically entails acceptance of the Articles of Association and decisions adopted by General Meetings.
Whenever it is necessary to own several shares to exercise a right (in particular in the event of an exchange offer, share consolidation, capital increase, capital reduction, etc.), the owners of isolated shares, or numbers of shares below that required, may only exercise such rights if they personally arrange for the consolidation of the shares and, if necessary, the purchase or sale of the required number of shares.
The shares are indivisible with respect to the Company, which recognizes only one owner for each share. With respect to the Company, the owners of jointly held shares must either be represented by one of the owners or by a single agent. In the event of a disagreement, the agent shall be appointed by a court of law, at the request of the most diligent joint owner.
The voting rights belong to the beneficial owner at Ordinary General Meetings and to the bare owner at Extraordinary General Meetings. However, joint owners of indivisible shares may agree to share voting rights at General Meetings in any other way they see fit, provided this does not deprive the beneficial owner of the voting right relative to the appropriation of the Company's profits. To be enforceable, such a voting agreement between joint owners of indivisible shares must be brought to the Company's attention by registered mail sent to the registered office, with return receipt requested. The Company shall have to comply with this agreement for any General Meeting taking place within at least three days following receipt of the notification of said agreement. However, bare owners of shares remain entitled to attend General Meetings, even if they are deprived of voting rights.
There are no legal provisions allowing for double voting rights. In accordance with Article L.225-123, paragraph 3, of the French Commercial Code, the General Meeting of the Company held on September 26, 2014 approved a change to the Company's Articles of Association intended to eliminate the automatic implementation of double voting rights.

Any modification of the rights attached to the shares is subject to legal provisions, as there is no specific provision to that effect in the Articles of Association.

### 19.2.3 Statutory and other provisions which may delay, defer or prevent a change of control

None.

# 20 MATERIAL CONTRACTS

The material contracts (other than those entered into in the ordinary course of business) involving the Company or any other Group entity are the following:

- <u>The revolving credit agreements signed on October 21, 2014 modified by the amendment of September 30, 2016.</u>

Since October 21, 2014, the Group has had (i) a revolving principal credit line enabling it to settle amounts due under contracts for a maximum amount of $400 million, composed of a line of approximately €178 million and a line of $160 million, accompanied by an accordion clause of $150 million, and (ii) a secondary credit line for $50 million.

The principal credit line was arranged by J.P. Morgan as Agent and Lead Bookkeeper, and SunTrust Bank and OneWest Bank as secondary Bookkeepers and co-arrangers. This credit line was syndicated with leading banks, notably French banks Natixis, Banque Palatine, Arkea Banque Entreprises et Institutionnels, and BRED Banque Populaire.

On September 30, 2016, the Group renegotiated the terms of those agreements as follows:
(i) the main credit line, in the initial amount of $400 million, was reduced to $250 million with the accordion clause of an additional $150 million remaining unchanged. These new amounts allowed a significant decrease in the non-use fees, the amount of the collateral available at the time being insufficient for drawing more than this amount against this line;
(ii) the secondary credit line facility was extended from the initial amount of $50 million to $80 million (excluding capitalized interest), making it possible to draw an extra $30 million. This upsize of the second credit line facility also benefited from the guarantee of the Group companies, like previously.

The secondary credit line facility bore an annual interest rate of 15% for the whole line, of which 6% payable quarterly and 9% capitalized and payable on the due date of the credit. This line could be paid up at any time without penalty.

On September 8, 2017, then on December 24, 2018, the amount of the principal credit line was reduced to about $190 million, thus making it possible to reduce the none-use fees.

The principal credit line was to be repaid after a period of five years, i.e. by October 21, 2019. The secondary credit line was to be repaid after a period of five years and six months, i.e. by April 21, 2020. Owing to the initiation of the safeguard procedure against the Company on May 13, 2019, the repayment of debts was frozen pending the adoption of the safeguard plan on July 24, 2020 (see Section 8.2.2 of this Universal Registration Document).

- <u>Participation Agreement with Vine Advisors LP</u>

On December 31, 2014, EuropaCorp, EuropaCorp Films USA Inc. and Vine Investment Advisors LP, acting as agent for various investors, entered into an agreement entitled the Amended and Restated Secured Participation Agreement, under the terms of which EuropaCorp grants a 15% Participation Interest in the income generated by the films distributed by EuropaCorp Films USA Inc. with the support of Relativity EuropaCorp Distribution LLC (RED) in the United States, subject to a Maximum Participation Amount of $100 million.

No deadline is set in the contract, which could be terminated in the event of default in the cases covered in the contract entitled Amended and Restated Secured Participation Agreement.
The proceeds of this sale ($55 million to date) enabled EuropaCorp to pay early Relativity Media for amounts due to it for the creation of RED, the joint venture for film distribution in the United States,

50% held by each partner. All amounts due to Relativity Media in connection with the formation of RED have therefore been definitively paid by EuropaCorp and Relativity Media no longer owns either 15% of the receipts generated by these films, subject to a maximum of $100 million, or holds a purchase option on EuropaCorp's stake in RED. This dual transaction enabled EuropaCorp to extend its investment in RED at no additional cost.

Under the safeguard plan approved on July 24, 2020, the receivable arising from the Participation Deal was fully converted into capital through the capital increase reserved for the funds Vine Media Opportunities – Fund III and Falcon Strategic Partners IV, LP amounting to €77,217,449.88, issue premium included, by issuing 20,757,379 new shares, at a price of €3.72 each.

- Theater and video distribution partnership with Pathé Films for France

A framework agreement was signed between EuropaCorp, EuropaCorp Distribution and Pathé Films on December 7, 2018. This partnership pertains to films produced or co-produced by EuropaCorp and concerns three films per year for a three-year period. It takes effect with Guillaume Canet's *Nous finirons ensemble* (*Little White Lies* 2) released in theaters on May 1, 2019 and Luc Besson's *Anna* released on July 10, 2019. The terms and conditions of this partnership will be decided film by film.

- Credit and security agreement dated July 30, 2020 between EuropaCorp Pictures LLC, EuropaCorp Finance LLC, a number of its subsidiaries and Comerica Bank

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 line of reusable credit 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 credit line has a five-year term from the date of signature and bears annual interest of 8%. The fees associated with the early refinancing of this new line in the first 18 months would be 2% of the total line amount. The Borrowing base is the sum of:

- the eligible distribution contracts after applying the standard advance rates applied by credit institutions depending on the distributor in question; plus
- 90% of the tax credits; plus
- 80% (for the "ultimates reports" supplied for an American studio) and 75% (for the "ultimates reports" supplied by the firm FTI) of the share of future receipts ("ultimates") accruing to EuropaCorp Pictures LLC and estimated for the next four years; less
- the reserves provided for by the credit documentation.

The receipts from each film having been drawn will be allocated to the repayment of the drawdown in question, with any remainder allocated for the repayment of any drawdowns related to the other films financed by Vine. Once all sums owed to Vine have been repaid, any remaining receipts may go back to EuropaCorp (after the deduction of the appropriate amounts of the standard liabilities to be paid to third parties by the parties to the credit line in relation to these films and for sufficient amounts in addition to the reserves required under the credit line).

The standby fees are 1.25% per year on the unused portion of the credit facility and the Company has the option of canceling some or all of the commitments provided it pays any early refinancing fees. The other fees include arrangement fees (1.75%) and an "upfront fee" for each film (1.50%). The Company retains the option to access third-party credit to fund some or all of the costs of film-making without the consent of the lenders, provided that the rights to these films are transferred to EuropaCorp Pictures LLC, and that this lending is secured only by different collateral to those of the lenders under the new Vine credit agreement.

This credit line is secured as follows:

- first-line securities on all EuropaCorp Pictures LLC assets (including the securities of the subsidiaries of this company);
- pledging (or equivalent) of receivables having been anticipated in the Borrowing Base;
- pledging of EuropaCorp Finance LLC securities.

When all sums due under the Vine credit line have been repaid, the distribution rights to the films financed by Vine may be freely transferred to EuropaCorp (with the exception of the rights to the most recently produced film).

There is also provision for a "Golden Share" mechanism to be issued by EuropaCorp Pictures LLC which would allow Vine to take control of this company were any of the events stated in the credit documentation to occur.

## 21 AVAILABLE DOCUMENTS

Copies of this Universal Registration Document are available free of charge from EuropaCorp at 20 rue Ampère - 93413 Saint-Denis Cedex, or from the Company (http://www.europacorp.com) and AMF websites (http://www.amf-france.org).

For the period of validity of the Universal Registration Document, the most recent up-to-date version of the Memorandum and Articles of Association and minutes of General Meetings and other Company documents, as well as historic financial information and any expert appraisals or statements commissioned by the Company to be made available to shareholders, in accordance with the applicable legislation, may be consulted at the Company's registered office.

Moreover, the financial information and, in general, all publications issued by the Company, are available on the Company's website (http://www.europacorp.com).

The person responsible for investor information is:

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Chairman and Chief Executive Officer
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## APPENDIX 1 – CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31, 2020 AS PER IFRS

## CONSOLIDATED PROFIT AND LOSS STATEMENT

| *(amounts in thousands of euros, except for the number and data per share)* | | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---|---|---|---|
| Turnover | **Note 4.1** | 69,767 | 148,679 |
| **Revenue** | **Note 4.1** | **69,767** | **148,679** |
| Cost of sales | | (48,322) | (121,406) |
| **Operating margin** | **Note 4.2** | **21,444** | **27,272** |
| Overheads | **Note 4.3** | (16,219) | (29,536) |
| Other income and expenses | **Note 4.4** | (64,334) | (68,983) |
| **Operating profit (loss)** | | **(59,109)** | **(71,247)** |
| Income from financial investments / (Cost of financial debt) | | (18,465) | (16,444) |
| Other financial income and expenses | | (8,114) | (12,431) |
| **Financial income** | **Note 4.5** | **(26,580)** | **(28,876)** |
| **Current income before income tax** | | **(85,688)** | **(100,123)** |
| Tax | **Note 4.6** | (8,535) | (1,190) |
| Equity in net earnings of associated companies | **Note 3.5** | (827) | (821) |
| **Net income from continuing operations** | | **(95,051)** | **(102,134)** |
| Net income from discontinued operations | **Note 2.25** | 0 | (7,739) |
| **Net income** | | **(95,051)** | **(109,873)** |
| Including : Net Income – Minority share | | (2) | 36 |
| Net Income – Group share | | (95,049) | (109,908) |
| Basic net income per share* | | (2.32) | (2.69) |
| Diluted net income per share* | | (2.32) | (2.69) |
| * Total equity shares minus treasury shares at March 31, 2020 | | 40,911,858 | |

To be compliant with IFRS 5, the activity related to the exploitation of the catalog Roissy Films, sold in March 2019, has been restated within the consolidated FY 2018/19 financial statements above. The net income for these specific line of business as of 31 March 2019 (-7.7 M€) has been booked directly in the Net Income

At March 31, 2020, earnings before interest and taxes (EBIT) included €31,681 thousand in amortization expenses versus €85,780 thousand at March 31, 2019. As such, at March 31, 2020, earnings before interest, taxes, depreciation and amortization (EBITDA) totaled €(27,428) thousand versus €6,794 thousand at March 31, 2019.

## STATEMENT OF COMPREHENSIVE INCOME

| | 31.03.2020 | 31.03.2019 |
|---|---|---|
| **Net income** | **(95,051)** | **(109,873)** |
| | | |
| ***Income and expenses directly recognized in equity*** | | |
| - Net investments change | 2,845 | 9,913 |
| - Foreign currency translation differences | (3,930) | (9,346) |
| - 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** | (1,085) | 568 |
| | | |
| **Comprehensive net income total for the period** | **(96,136)** | **(109,305)** |

| ***Breakdown of comprehensive income for the period*** | 31.03.2020 | 31.03.2019 |
|---|---|---|
| Shareholders of the entity | (96,134) | (109,340) |
| Minority interests | (2) | 36 |
| **Total comprehensive income for the period** | **(96,136)** | **(109,305)** |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| *(amounts in thousands of euros)* | | March 31, 2020 | | | March 31, 2019 |
|---|---|---|---|---|---|
| **ASSETS** | | **Gross** | **tisations / Provisions** | **Net** | **Net** |
| **Non-current assets :** | | | | | |
| Goodwill | **Note 3.1** | 32,799 | (32,799) | - | - |
| Intangible assets | **Note 3.2** | 1,523,991 | (1,471,529) | 52,461 | 84,439 |
| Property and Equipment | **Note 3.3** | 35,480 | (30,241) | 5,239 | 9,230 |
| Other financial assets | **Note 3.4** | 7,995 | - | 7,995 | 7,851 |
| Investments in associates | **Note 3.5** | - | - | - | - |
| Deferred taxes assets | **Note 3.6** | 15,292 | - | 15,292 | 24,684 |
| Right-of-use leased assets | **Note 3.15** | 20,235 | (8,958) | 11,277 | - |
| **Total non-current assets** | | **1,635,792** | **(1,543,528)** | **92,264** | **126,205** |
| **Current assets :** | | | | | |
| Inventory | **Note 3.7** | 777 | (544) | 233 | 587 |
| Trade accounts receivable | **Note 3.8** | 33,343 | (5,367) | 27,975 | 43,389 |
| Other accounts receivable | **Note 3.9** | 34,162 | (12,714) | 21,449 | 29,755 |
| Other current assets | **Note 3.15** | 395 | - | 395 | 2,976 |
| Cash and cash equivalents | **Note 3.12** | 50,680 | - | 50,680 | 22,909 |
| **Total current assets** | | **119,356** | **(18,625)** | **100,731** | **99,617** |
| **TOTAL ASSETS** | | | | **192,995** | **225,822** |

| **LIABILITIES** | | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| **Equity - Group share** | | | |
| Issued capital | | 13,932 | 13,932 |
| Retained earnings and reserves | | -210,068 | -113,958 |
| Total equity - Group share | **Note 3.10** | **(196,136)** | **(100,026)** |
| **Minority interests** | **Note 3.10** | **293** | **287** |
| **Non-current liabilities :** | | | |
| Provisions for pensions and similar | **Note 3.11** | 362 | 397 |
| Deferred taxes liabilities | **Note 3.6** | 1,383 | 1,107 |
| Long term borrowings and financial debts | **Note 3.12** | - | 0 |
| Deposits and guarantees received | **Note 3.12** | 493 | 541 |
| Equity investment liabilities > 1 year | **Note 3.15** | - | - |
| Lease liability - long term (> 1 year) | **Note 3.16** | 12,801 | - |
| Other non-current liabilities | **Note 3.15** | 9,845 | 9,342 |
| **Total non-current liabilities** | | **24,883** | **11,386** |
| **Current liabilities :** | | | |
| Short term borrowings and financial debts | **Note 3.12** | 202,792 | 182,216 |
| Lease liability - short term (< 1 year) | **Note 3.16** | 2,458 | |
| Provisions for risks and expenses | **Note 3.11** | 1,845 | 5,380 |
| Trade accounts payable | **Note 3.14** | 51,594 | 53,616 |
| Equity investment liabilities < 1 year | **Note 3.14** | - | - |
| Other financial liabilities | **Note 3.14** | 96,164 | 54,579 |
| Other current liabilities | **Note 3.15** | 9,102 | 18,385 |
| **Total current liabilities** | | **363,955** | **314,176** |
| **TOTAL LIABILITIES** | | **192,995** | **225,822** |

# 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 | | | | | **0** | | **(95,049)** | **(95,049)** | (2) | **(95,051)** |
| **Total of income and costs of the period** | | | | | **(1,085)** | | **(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)** |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| *(amounts in thousands of euros)* | | Year Ended March 31, 2020 | 2019 |
|---|---|---|---|
| ***Operations*** | | | |
| Net income - Group share without discontinued operations | | (95,049) | (102,169) |
| Net income - Minority share | | (2) | 36 |
| Net income from discontinued operations | | 0 | (7 739) |
| Depreciation and amortization | | 43,396 | 169,212 |
| Unrealised gains and losses relating to changes in fair value | | 457 | 5,226 |
| Change in the fair value of securities-related liabilities | | - | 0 |
| Capital gains or losses on the disposal of assets | | - | (6,169) |
| Share of income from associates consolidated using the equity method | | 827 | 821 |
| Income and expenses due to share-based payments and similar | | - | - |
| **Operating cash flow after net financial debt cost and taxes** | | **(50 371)** | **59 217** |
| (Income from financial investments) / Cost of financial debt | | 21,035 | 16 444 |
| Taxes (Income) / Cost | | 8 | 1 190 |
| **Operating cash flow before net financial debt cost and taxes** | | **(29 328)** | **76 851** |
| Change in working capital requirement : | | | |
| Inventory | | 354 | 4,530 |
| Trade accounts and notes receivable | | 33,510 | 55,196 |
| Deferred costs | | 845 | 2,405 |
| Trade notes and accounts payable | | 35,567 | (18,447) |
| Deferred income | | (9,619) | (18,840) |
| Tax paid | | - | 0 |
| **Net cash flow from operations** | **Note 5.1** | **31 329** | **101 694** |
| **Investment activities** | | | |
| Acquisition of intangible assets | | 205 | (12,752) |
| Acquisition of other intangible assets | | (2) | (19) |
| Acquisition of property and equipment | | 70 | (125) |
| Income on disposal of intangible assets and property, plant and equipment | | 0 | 8,300 |
| Net change in financial assets | | (123) | (5,799) |
| Change in liabilities on long-term investment | | - | 0 |
| Change in minority reserves | | - | - |
| Impact of the changes in the scope of consolidation | | - | - |
| **Net cash flow from investment activities** | **Note 5.1** | **150** | **(10 395)** |
| **Financing activities** | | | |
| Dividends paid | | - | - |
| Increase in capital | | - | - |
| Capital increase expenses | | - | - |
| Net increase in bank borrowings and overdrafts | | 21,863 | 2,412 |
| Net decrease in bank borrowings and overdrafts | | (48) | (86,306) |
| Decrease in lease liability | | (7,475) | |
| Net change in treasury shares | | 53 | (76) |
| Interest expenses paid | | (18,714) | (17,720) |
| Interest income received and net gain/loss from disposals | | 178 | 186 |
| **Net cash flow from financing activities** | **Note 5.1** | **(4 143)** | **(101 502)** |
| **Overall change in cash position** | | **27 336** | **(10 203)** |
| **Opening cash position** | | 22,909 | 33,112 |
| **Cash position at the end of period** | | **50,245** | **22,909** |
| broken down into: | | | |
| *Marketable securities* | | *678* | *678* |
| *Cash and cash equivalents* | | *50,002* | *22,231* |
| *Overdraft* | | *(435)* | *(0)* |

## 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 Scope of consolidation

#### 1.2.1 Changes in the scope of consolidation

There has been no change in scope over the financial year.

#### 1.2.2 Consolidated companies

All companies within the scope of consolidation prepare their financial statements in euros (excluding EuropaCorp Films USA and EuropaCorp Television USA which prepare their statements in US dollars).

| | | | Financial year ended March 31, 2020 | | | | |
|---|---|---|---|---|---|---|---|
| **Company** | **Registered office** | **SIREN No.** | **Inclusion in scope** | **Exclusion of scope** | **Consolidation method** | **% of interest** | **% of control** |
| EuropaCorp | 20, rue Ampère, 93200 Saint-Denis | 384 824 041 | Parent company | | | | |
| EuropaCorp Distribution | 20, rue Ampère, 93200 Saint-Denis | 434 969 861 | April 1, 2001 | | FC | 100% | 100% |
| EuropaCorp Home Entertainment | 20, rue Ampère, 93200 Saint-Denis | 438 619 512 | April 1, 2001 | | FC | 100% | 100% |
| Dog Productions | 20, rue Ampère, 93200 Saint-Denis | 422 132 829 | April 1, 2002 | | FC | 100% | 100% |
| Intervista | 20, rue Ampère, 93200 Saint-Denis | 395 246 408 | April 1, 2002 | | FC | 100% | 100% |
| EuropaCorp Music Publishing | 20, rue Ampère, 93200 Saint-Denis | 482 467 859 | April 1, 2005 | | FC | 100% | 100% |
| EuropaCorp TV | 20, rue Ampère, 93200 Saint-Denis | 502 039 274 | January 14, 2008 | | FC | 100% | 100% |
| Ydéo | 20, rue Ampère, 93200 Saint-Denis | 434 677 688 | May 16, 2007 | | FC | 100% | 100% |
| Roissy Films | 20, rue Ampère, 93200 Saint-Denis | 388 859 340 | January 1, 2008 | | FC | 100% | 100% |
| SCI Les Studios de Paris | 20, rue Ampère, 93200 Saint-Denis | 514 118 611 | August 13, 2009 | | EM | 40% | 40% |
| EuropaCorp Television | 20, rue Ampère, 93200 Saint-Denis | 441 532 801 | April 1, 2010 | | FC | 95,20% | 95,20% |
| Cipango Music | 20, rue Ampère, 93200 Saint-Denis | 478 952 781 | April 1, 2010 | | FC | 100% | 100% |
| EuropaCorp Aéroville | 20, rue Ampère, 93200 Saint-Denis | 533 700 373 | July 19, 2011 | | FC | 100% | 100% |
| Blue Advertainment | 20, rue Ampère, 93200 Saint-Denis | 508 804 911 | March 1, 2013 | | FC | 100% | 100% |
| Blue Event | 20, rue Ampère, 93200 Saint-Denis | 752 828 947 | March 1, 2013 | | FC | 95% | 95% |
| Digital Factory | 20, rue Ampère, 93200 Saint-Denis | 792 019 002 | March 1, 2013 | | FC | 100% | 100% |
| EuropaCorp Films USA, Inc. | 335-345 North Maple Drive, Beverly Hills, CA 90210 | | April 1, 2013 | | FC | 100% | 100% |
| EuropaCorp Television USA, LLC | 335-345 North Maple Drive, Beverly Hills, CA 90210 | | September 23, 2015 | | FC | 100% | 100% |
| Valerian Holding | 20, rue Ampère, 93200 Saint-Denis | 814810982 | November 20, 2015 | | FC | 100% | 100% |
| Valerian SAS | 20, rue Ampère, 93200 Saint-Denis | 814899738 | November 25, 2015 | | FC | 100% | 100% |
| T5 Production | 20, rue Ampère, 93200 Saint-Denis | 830 827 531 | July 7, 2017 | | FC | 100% | 100% |
| Orchestra | 20, rue Ampère, 93200 Saint-Denis | 830 318 952 | June 6, 2017 | | FC | 100% | 100% |

## 1.3 Significant events during the financial year

On May 13, 2019, the Commercial Court of Bobigny opened safeguard proceedings for EuropaCorp SA and nine of its subsidiaries for an initial period of six months which was extended once. The Board of Directors and Senior Management of EuropaCorp believe that the safeguard proceedings will make it possible to negotiate the terms and conditions for an improvement in the Company's financial position through a restructuring of its debt and capital, while maintaining normal business operations. On October 29, 2019, as part of the safeguard procedure, the Company obtained an extension of its observation period until May 13, 2020, from the Commercial Court of Bobigny.

The safeguard proceedings concern all of the company's liabilities rather than just its financial liabilities. EuropaCorp's entry into safeguard proceedings was arranged with the senior and junior lenders who gave their consent to the implementation of such a procedure by granting a waiver to EuropaCorp.

The draft safeguard plan presented by EuropaCorp was unanimously approved by the creditors' committees on February 28, 2020. EuropaCorp's Board of Directors approved the draft safeguard plan. The draft safeguard plan notably provides for the equitization of all of the receivables held by Vine funds ultimately managed or advised by Vine Alternative Investments Group, LLC (Vine) and Falcon Strategic Partners IV, LP (Falcon) against EuropaCorp SA. They would as a result hold respectively 60.15% and 6.29% of the share capital of EuropaCorp while the current shareholders would still represent 33.56% of the share capital of the Company. Vine would enter into a shareholders agreement with Luc Besson (including his holding company, Front Line), qualifying as a concerted action taking effect as from the completion of the equitization of the claims.

1.4 Vine – Amended and Restated Secured Participation Agreement

On December 31, 2014, EuropaCorp, EuropaCorp Films USA, Inc. and Vine Investment Advisors, LP, acting as agent for various investors, entered into an agreement entitled the Amended and Restated Secured Participation Agreement, under the terms of which EuropaCorp grants a 15% participation interest (Participation Interest) in the income generated by the films distributed by EuropaCorp Films USA, Inc. with the support of Relativity EuropaCorp Distribution, LLC (RED) in United States territory, subject to a maximum participation amount (Maximum Participation Amount) of $100 million.

As security for the payment of this amount, EuropaCorp and some of its subsidiaries (Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo) granted third-line guarantees on all of their assets, as specified in the notes to the consolidated financial statements (Appendix 1), to the exclusion of any other guarantee.
The Company's Board of Directors considered it to be in the corporate interests of these subsidiaries to be signatories to the Participation Agreement and to arrange the third-line security requested, in view of the general financial strategy deployed by the Group as a whole.

The proceeds from this disposal ($55 million) enabled EuropaCorp to repay early the outstanding balance due to Relativity Media for the distribution joint venture formed in the United States, Relativity EuropaCorp Distribution, LLC (RED), 50% owned by each partner.
All amounts due to Relativity Media in connection with the formation of RED have therefore been paid by EuropaCorp and Relativity Media no longer owns either 15% of the receipts generated by these films, subject to a maximum of $100 million, or a purchase option on EuropaCorp's stake in RED. This dual transaction enabled EuropaCorp to extend its investment in RED at no additional cost and Vine Investment Advisors, LP, therefore has a percentage of 15% on revenue generated by the films distributed by EuropaCorp Films USA, Inc. with the support of the services of Relativity EuropaCorp Distribution, LLC (RED) on the territory of the United States up to a maximum participation amount of $100 million.

Following the signature of this participation agreement with the company Vine Investment Advisors, EuropaCorp completed a $55 million capital increase of EuropaCorp USA during the financial year ended March 31, 2015. The corresponding amount was posted to the statement of financial position under "Other liabilities". The clearance of this debt continued until EuropaCorp Films USA began the safeguard procedure on October 17, 2019, based on 15% of payments by US customers taken from the Willmington bank account, the account balance at March 31, 2020 was €38,294,272 ($41,955,205).

Added to this sum was an off-balance sheet commitment of $45 million (€41.3 million) corresponding to the amount of the profit-sharing agreement not paid in cash to Vine and Falcon.

As part of the safeguard procedure EuropaCorp has had numerous discussions with its creditors. In the specific case of Vine and Falcon, an agreement letter was exchanged with EuropaCorp on October 3, 2019. This conditional agreement letter sets out the key components of an agreement in principle to apply, in particular, when valuing equity interests and their capitalization.

On the basis of these discussions in particular, a formal proposal was made in the form of the official presentation by EuropaCorp of its draft safeguard plan to all its creditors including Vine and Falcon.

This presentation was made on February 12, 2020 by sending the proposed plan to EuropaCorp's creditors ahead of a vote by the creditors scheduled for February 28, 2020. In particular this plan contains a provision for the cessation of the direct distribution of EuropaCorp films in the United States and, as such, subject to approval by Vine and Falcon, underlines the fact that the balance of the profit-sharing agreement is due.

The Vine and Falcon agreement took effect with a vote in favor of the adoption of the plan on February 28, 2020.

As of this date, the criteria for recognizing a liability are therefore met and this commitment must be recognized as an off-balance sheet commitment.

As such, this off-balance sheet commitment has been recognized as a EuropaCorp SA debt to Vine and Falcon through an operational expense of $45 million (€41 million) in respect of the financial statements for the financial year ended March 31, 2020 to enable this equitization.

Under the safeguard plan approved by the Commercial Court on July 24, 2020 the debt of $87 million arising from the participation agreement will be used for a capital increase reserved for Vine and Falcon.

## NOTE 2 – ACCOUNTING POLICIES AND METHODS

2.1 General accounting policies

2.1.1 General accounting policies

In accordance with European Regulation no. 1606/2002 of July 19, 2002, EuropaCorp's consolidated financial statements for the financial year ended March 31, 2020 have been prepared on the basis of the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable at said date.

The accounting policies used to prepare the consolidated financial statements are compliant with the IFRS and their interpretations as adopted by the European Union as of March 31, 2020, which are available on the following website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

These accounting policies are consistent with those used to prepare the annual consolidated financial statements for the financial year ended March 31, 2019, with the exception of IFRS standards and IFRIC interpretations applicable from January 1, 2019 the details and individual impact of which are described in Note 2.2.
Consequently, EuropaCorp's accounts are prepared in accordance with IFRS standards and their interpretations as published by the IASB.

2.1.2 Significant uncertainty related to continuity as a going concern

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 twelve months at a minimum, but not limited to this timeframe, from the end of the reporting period, i.e. until March 31, 2021.

Despite the implementation of internal reorganization measures, the refocusing of strategy on its core business activities and the disposal of non-strategic businesses in 2018 and 2019, the Group has anticipated the risk of not being able to repay some of its debts and commitments on their maturity date, in particular the senior credit line due on October 21, 2019, the secondary credit line (Mezzanine) due on April 21, 2020, and commitments under the "Equity Deal". Discussions have begun with the Group's creditors in order to negotiate alternative terms for settling these debts. At the end of 2018 the Company also appointed an investment bank with the aim of strengthening its financial capabilities. In this context, a number of groups have expressed an interest in investing in the Company. Some of these have made non-binding offers subject to a number of preconditions.

In view of this situation and of the uncertain outcome of the various ongoing discussions, the Company and nine of its subsidiaries petitioned the Commercial Court of Bobigny to open safeguard proceedings. On May 13, 2019, the Court issued a favorable ruling on this matter for a six-month extendable period. The safeguarding proceedings were extended once for an additional 6-month period before the state of sanitary emergency pushed back the deadlines for implementing the end of the proceedings.

In the first half of the 2019/2020 financial year, discussions entered into with the Group's creditors continued with a number of positive developments. These developments include plans to restructure debts. Discussions are also focusing on rationalizing the rented areas of La Cité du Cinéma and of the associated rent. It was not possible to finalize a draft safeguard plan within the initial six-month period. As such, the Group petitioned the Commercial Court of Bobigny and, in a judgment dated

October 29, 2019, secured an extension to the observation period for the safeguard proceeding, i.e. until May 13, 2020, so as to enable the Company to continue discussions with the various stakeholders with a view to finalizing a safeguard plan.

As a whole, these factors represent significant uncertainty as to the Group's continuity as a going concern. The Board of Directors nevertheless approved its consolidated financial statements as of September 30, 2020, while maintaining the going concern principle due to its confidence in the positive outcome of the ongoing discussions by the end of the observation period. In particular, the draft safeguard plan for EuropaCorp SA was unanimously approved by the creditors' committees and the Combined General Meeting of EuropaCorp shareholders on April 28, 2020 approved the planned capital increase of around €193 million reserved for the Vine and Falcon funds.

2.2 Changes in the IFRS framework

In particular, the IASB's IFRS standards and IFRIC interpretations as adopted by the European Union (available on the European Commission's website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission) for financial years beginning on or after April 1, 2019, have been applied by the Company. The impact on how the accounts are presented is set out in the following paragraph and in Note 3.10 "Leases".

***IFRS standards, IFRIC interpretations or amendments applied by the Company from April 1, 2019***

- IFRS 16 "Leases", adopted by the European Union on November 9, 2017, for financial years beginning on or after January 1, 2019

***Application of standard IFRS 16***

The application of IFRS 16 "Leases" is mandatory for the financial year beginning on April 1, 2019. Under it all leases are recognized on the statement of financial position of lessees: a right-of-use is recognized as an asset and a lease debt as a liability. On the profit and loss statement, the lessee records an amortization and interest expense.

The Group has applied IFRS 16 since April 1, 2019 using the so-called simplified retrospective method. This method does not involve the restatement of comparative periods. The right-of-use and lease liability are calculated on the basis of adjusted outstanding rent as of April 1, 2019.

The Group has applied the exemptions set out in the standard relating to leases for a term of 12 months or less or the value of which is under $5 thousand.

As such, only property leases will be restated under the standard.

The term of the lease applied is the remaining term to March 31, 2024, as stated in the lease. This term is aligned with the amortization periods for fixtures and fittings of said premises.

A unique discount rate of 8% has been applied across all entities, corresponding to the rate currently approved in renegotiations of the main current credit lines. This rate is consistent with a rate of return on property.

### *Reconciliation between lease liabilities at April 1, 2019, and off-balance sheet commitments*

| | |
|---|---|
| **Amount in off-balance sheet commitments issued on March 31, 2019** | **36,891** |
| Expenses linked to lease not reported in off-balance sheet commitments | 13,558 |
| Eviction compensation | 5,601 |
| **New gross lease liability as at April 1stv, 2019** | **56,051** |
| Discounting | (11,505) |
| Other | 125 |
| **New discounted lease liability as at April 1st, 2019** | **44,671** |
| Reclassification of provisions rent to be paid in lease liability as at April 1st 2019 | 3,013 |
| **New discounted lease liability as at April 1st, 2019** | **47,683** |

## *Impacts of implementing IFRS 16*

*(amounts in thousands of euros)*

| ASSETS | March 31, 2019 issued | Impact IFRS 16 | April 1, 2019 |
|---|---|---|---|
| **Non-current assets :** | | | |
| Goodwill | 0 | | 0 |
| Intangible assets | 84,439 | | 84,439 |
| Property and Equipment | 9,230 | | 9,230 |
| Other financial assets | 7,851 | | 7,851 |
| Investments in associates | 0 | | 0 |
| Deferred taxes assets | 24,684 | | 24,684 |
| Right-of-use leased assets | 0 | 44,671 | 44,671 |
| **Total non-current assets** | **126,205** | **44,671** | **170,876** |
| **Current assets :** | | | |
| Inventory | 587 | | 587 |
| Trade accounts receivable | 43,389 | | 43,389 |
| Other accounts receivable | 29,755 | | 29,755 |
| Other current assets | 2,976 | | 2,976 |
| Cash and cash equivalents | 22,909 | | 22,909 |
| **Total current assets** | **99,617** | **0** | **99,617** |
| **TOTAL ASSETS** | **225,822** | **44,671** | **270,493** |

| LIABILITIES | March 31, 2019 | Impact IFRS 16 | April 1, 2019 |
|---|---|---|---|
| **Equity - Group share** | | | |
| Issued capital | 13,932 | | 13,932 |
| Retained earnings and reserves | (113,958) | | (113,958) |
| Total equity - Group share | **(100,026)** | **0** | **(100,026)** |
| **Minority interests** | **287** | | **287** |
| **Non-current liabilities :** | | | |
| Provisions for pensions and similar | 397 | | 397 |
| Deferred taxes liabilities | 1,107 | | 1,107 |
| Long term borrowings and financial debts | 0 | | 0 |
| Deposits and guarantees received | 541 | | 541 |
| Lease liability - long term (> 1 year) | 0 | 40,272 | 40,272 |
| Equity investment liabilities > 1 year | 0 | | 0 |
| Other non-current liabilities | 9,342 | | 9,342 |
| **Total non-current liabilities** | **11,386** | **40,272** | **51,658** |
| **Current liabilities :** | | | |
| Short term borrowings and financial debts | 182,216 | | 182,216 |
| Lease liability - short term (< 1 year) | | 7,411 | 7,411 |
| Provisions for risks and expenses | 5,380 | (3,013) | 2,367 |
| Trade accounts payable | 53,616 | | 53,616 |
| Equity investment liabilities < 1 year | 0 | | 0 |
| Other financial liabilities | 54,579 | | 54,579 |
| Other current liabilities | 18,385 | | 18,385 |
| **Total current liabilities** | **314,176** | **4,398** | **318,574** |
| **TOTAL LIABILITIES** | **225,822** | **44,671** | **270,493** |

The new standards, amendments to standards and interpretations that came into force for financial years opened on or after January 1, 2019, had no significant impact on the Group's financial statements:

- Amendments to IFRS 9 – Prepayment Features with Negative Compensation;
- IFRIC 23 "Uncertainty over Income Tax Treatments";
- IAS 28 "Investments in Associates and Joint Ventures";
- Amendments to IAS 19 – Amendments, Curtailments or Settlements.

***Accounting standards or interpretations yet to be applied by the Company***

The IASB has published standards and interpretations that have not yet been adopted by the European Union as of March 31, 2020; to date these have not been applied by the Company:

- Amendments to IAS 28 and IFRS 10;
- Amendments to IAS 39, IFRS 7 and 9.

The IASB published standards and interpretations which were adopted by the European Union on March 31, 2020, applicable from financial years beginning on or after January 1, 2020. These texts were not applied in anticipation.

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.

2.3 Consolidation methods

The consolidated financial statements include the financial statements of EuropaCorp and of its subsidiaries. According to IAS 27, a subsidiary is an entity controlled by the parent company. Control is defined as the power to steer an entity's financial and operational policies to acquire future benefits from its activities.

The consolidated financial statements include the financial statements of EuropaCorp and of its subsidiaries to ensure compliance with the accounting principles adopted by the Group and after the exclusion of intragroup balances and transactions.

2.3.1 Full consolidation

Companies directly or indirectly controlled by EuropaCorp are fully consolidated.

The full consolidation method applied entails the full consolidation of assets, liabilities, income and expenses. The share of net assets and net income of minority shareholders is presented separately in the consolidated statement of financial position and profit and loss statement as non-controlling interests.

2.3.2 Equity accounting

When the Group exercises significant influence over an associate, the investment is accounted for using the equity method. Significant influence is presumed to exist when the parent company holds, directly or indirectly through subsidiaries, 20% or more of the voting power of the investee, unless it can be clearly demonstrated that the Group's influence is not significant.

2.4 Business combinations

In accordance with IFRS 3, business combinations are accounted for using the acquisition method.

Thus, the assets and liabilities of the acquired company are measured at their fair value from the first consolidation of a controlled company. The fair value of the identifiable intangible items of the assets is calculated based on generally accepted methods, for instance on the basis of income, costs or market value.

Any differences in value resulting from this calculation are accounted for under the assets and liabilities concerned (including the share of non-controlling interests). The remaining amount, corresponding to the difference between the purchase price of the securities (including any earn-out payments if applicable) and the portion of net assets measured at fair value, is reported under goodwill.

The difference between the purchase price of the securities (including any earn-out payments estimated at the date control is taken) and the fair value of any identifiable assets and liabilities of the acquired company is posted in the consolidated statement of financial position under “Goodwill” for fully consolidated subsidiaries and under “Investments in associates” for subsidiaries consolidated using the equity method.

2.5 Translation method for foreign currency items

2.5.1 Financial statements of foreign subsidiaries

The accounts of all the subsidiaries of the Group whose functional currency is different from the consolidated accounts currency are translated into euros according to the following standards:
- Assets and liabilities are translated at the closing spot rate at the date of that balance sheet;
- Profits, losses and cash flows are translated using the average exchange rate over the period;
- Any exchange differences are reported as a separate component of the equity under “Other elements of the comprehensive income” and are stored as equity in the foreign exchange reserves.

2.5.2 Foreign currency transactions

Foreign currency transactions are accounted for and measured in accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates”. Pursuant to said standard, expense and income in foreign currencies are recorded at their exchange value in euros at the date of the transaction.

Liabilities, receivables and cash and cash equivalents in foreign currencies appear in the balance sheet at their exchange value at the financial year closing date.

Unrealized exchange gains and losses are recognized in financial income in the profit and loss statement. Exchange differences arising from the conversion of net investments in a foreign operation are recognized as a distinct component of equity, as required by IAS 21. When a foreign activity is sold, these differences of conversion are recognized in the profit and loss account as gains or losses on sale of assets.

2.6 Goodwill

In accordance with IAS 36, goodwill is tested for impairment at least once a year at the end of the financial year or when required in the event impairment indicators are identified.

The impairment test is carried out by the cash generating unit to which the goodwill has been allocated, by comparing its net book value and its recoverable amount. The recoverable amount is the higher of the amounts calculated under the fair value less cost of disposal and value in use approaches based on discounted future cash flows.
Goodwill is allocated to the smallest identifiable set of assets or cash generating units (“CGU”). CGUs

are represented by the activities of the different Group companies, i.e.:
- for the **Production and Distribution of films** CGU: EuropaCorp, EuropaCorp Distribution, EuropaCorp Home Entertainment, Roissy Films, Blue Advertainment, Digital Factory, EuropaCorp Films USA;
- for the **Production and Distribution of TV drama and series** CGU: EuropaCorp Television, Cipango Music and EuropaCorp TV (themed channels and audiovisual productions);
- for the **Event** CGU: Blue Event;
- for the CGUs that represent **ancillary activities, not directly related to the exploitation of cinema films**: Dog Productions (advertising production), Intervista (literary publishing), EuropaCorp Music Publishing (revenue from music publishing), Ydéo (marketing)…;

The method used to estimate the value in use of the catalog for the **Production and Distribution of films** CGU is based on the discounted future cash flows generated primarily by the exploitation of films for which the Group holds production rights. Future cash flows largely depend on the assumptions used to estimate revenues and on the time horizon. Estimated proceeds correspond to the revenues of France and US Theaters, France and US TV, France and US Video, International Sales, Financial subsidies, less the payment of net revenues to officers or third parties and other general marketing expenses.

Future cash flows have been calculated over a period of up to 15 years, taking into account a yearly inflation rate of 1.5% and a tax rate of 23% in the United States and of 28% in France for 2021, 26.5% for 2022, and 25% from 2023, in accordance with the rate decrease decided by the Government. For a few rare high-potential intangible assets (films), perpetual inflow has been considered based on the most recent television sale, with a rate of decline comprised between 11% and 13.8% before inflation every three years.
All of the estimated cash flows combined are discounted at March 31, 2019. The rate used to discount estimated cash flows is the opportunity cost of capital (7.45%), deemed to be the profitability rate expected by shareholders.

Any depreciation is recorded under "Other operating income and expenses". Depreciation recognized in relation to goodwill is irreversible.

2.7 Intangible assets

In accordance with IAS 38 "Intangible Assets", only items whose cost can be measured reliably and that are likely to generate future economic benefits for the Group are posted under intangible assets.

2.7.1 Films and audiovisual rights

The gross value of films and audiovisual rights comprises the following components:
- films produced by EuropaCorp Group as Executive producer, intended to be exploited in France or abroad by any audiovisual means;
- shares in French or foreign co-productions;
- acquisition of rights to exploit audiovisual work.

The gross value of films recorded in the statement of financial position includes the following (from the end date of shooting):
- investments made, after the contributions of the films' co-producers if the Group acted as Executive producer;
- the value of the acquisition of tangible and intangible rights if the Group did not take part in production.

Capitalized cost of a film includes interest expenses incurred during the production period (capitalized borrowing costs for each production, if paid in their entirety by the Company), as well as a portion of overheads that is directly attributable to the production. Payroll costs included in investment costs only concern staff that is directly involved in the production process.

Costs for the release of films in theaters in France (marketing, distribution and copying expenses) are accounted for directly under expenses when incurred.

2.7.2 Production costs

Production costs comprise all direct and financing costs incurred to produce a film up to the end of shooting and post-production, as well as a portion of overheads directly attributable to production.

2.7.3 Preliminary expenses

Preliminary expenses recognized under intangible assets in compliance with IAS 38 are essentially the fees paid to acquire existing film rights (option agreements) and adaptation costs in view of securing a script that the Group intends to produce in the mid-term. They are reported separately and reviewed project by project at each period closing.
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.

2.7.4 Depreciation and amortization of intangible assets

Amortization of a finished film or TV drama starts upon recognition of the first proceeds associated to their exploitation (in accordance with the accounting principles described below in Section 2.18), if the exploitation rights have vested. Yearly amortization is posted in the statement of financial position under "cost of sales".

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. During the films exploitation, the revenues perceived as renewals of licenses or royalties indicate the audience's continuous interest or progressive disinterest for the films and therefore represent the future economic benefits expected from the asset. The group therefore considers the film forecast method as the best suited method for amortization.

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 time frame used for estimating future revenue is not fixed and may be reviewed if future income from international operation or TV France is considered significant and spread over a longer period. To date, given i) the fact that EuropaCorp itself now distributes the great majority of its films in the territory of the United States, and ii) histories of sales of TV rights in France, and lastly, iii) the practices of the main competitors of the Group, the use of a maximum period of 12 years to determine projected net revenue appears justified and compliant with industry practice. The Senior Management regularly reviews and adjusts the expected net revenue, if required, taking into account the performance of film exploitation, of new or expected agreements and the evolution of the audiovisual market at the closing date of the accounts.

If net amortization of the investment as calculated with this method is higher than the net income forecast, additional exceptional depreciation is recorded to cover the shortfall.

Insofar as a significant portion of net revenue from international films is currently generated at the start of exploitation (in particularly thanks to international presales), in general the amortization expense accounts for over half of their gross value in the financial year they were first exploited. In addition, as generally international films are more expensive, they also generate higher amortization expenses. The review of expected future net revenues may lead to significant fluctuations in the amortization rate applied to the remainder of the production costs to be amortized.
Likewise, a depreciation provision may be recorded for ongoing productions at the end of the financial year, if the initial budget is exceeded by a significant amount or if the ultimates estimates made by the operational teams are below our net investment in the film at the closing date. A provision is also created for films exploited between the closing date of the accounts and their approval, if the estimated value of future revenues is lower than the amount invested. The value of depreciation provisions is reviewed at each period end.

2.8 Property, plant and equipment

In accordance with IAS 16 "Property, Plant and Equipment", property, plant and equipment are recognized under assets in the statement of financial position at their acquisition cost, and depreciated using the straight-line method, with any components of individual significance reported and depreciated separately.

The following amortization periods have been applied:

- Buildings: 25 years;
- Furniture: 3 to 10 years;
- Office and IT equipment: 3 to 10 years;
- Transport equipment: 5 years.

2.9 Other financial assets

Investments in non-consolidated companies are measured at their historical cost, which at March 31, 2019 is equivalent to their market value.
Other financial assets, comprising mainly deposits and guarantees paid and payables associated with equity interests are recorded at their amortized cost.

2.10 Inventory

Inventory is accounted for at its initial cost, which corresponds to its acquisition value. A write-down is recognized when the acquisition value is inferior to the market value.

2.11 Trade and other receivables

Receivables are recognized at their nominal value. A depreciation provision is established for receivables under dispute or unusual late payments, where there is a high probability that it won't be possible to recover the payable amount in full. The depreciation percentage is determined case by case.

2.12 Cash and cash equivalents

Cash and cash equivalents include bank deposits (film bank accounts or bank accounts considered to be "corporate"), cash, short-term deposits with an initial maturity lower than 3 months, and cash UCITS units which are readily available and are not exposed to a material risk of depreciation.

The Group has analyzed and verified that marketable securities are eligible to be classified as IFRS "Cash equivalents" under the IAS 7 criteria and the AMF's recommendations.

In accordance with IAS 39 "Financial Instruments", these items are measured at their fair value. Changes in fair value are recognized in profit (loss).

2.13 Deferred tax

In accordance with IAS 12 "Income Tax", deferred tax is recorded against any time difference between the book and tax value of assets and liabilities in the consolidated statement of financial position. The Group applies the liability method to account for all deferred tax assets and liabilities whether the unrecognized tax position of a consolidated entity shows net deferred liabilities or net deferred assets, provided the deferred tax assets is likely to be recovered from a taxable profit. In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are recognized based on the expected tax rate for the financial year of realization of the assets or settlement of the liabilities, in accordance with the tax rates in force at the end date of the period.

In the event that deferrable tax liabilities are available at the end of a financial year, they may be recognized in full or in part, provided that the available business forecasts to that date, covering a reasonable period, guarantee that the recognized tax losses are very likely to be recovered.

In the event of full or partial recognition of deferrable tax losses, it is the Business Units' Managers and Senior Management who are responsible for the business forecasts used for this purpose. In addition, the forecasts need to be consistent with the projections used for the impairment test of goodwill.

2.14 Derivative instruments

To mitigate its foreign exchange risk on future currency transactions, EuropaCorp signs forward currency or currency option contracts with financial institutions when required. As of March 31, 2020, EuropaCorp had no foreign exchange hedging contracts in effect.

These financial instruments, linked to commercial transactions, are posted in the statement of financial position under current assets and liabilities and are measured at period end at their fair value based on market conditions and data.

The Group has chosen not to apply hedge accounting to these financial instruments. Therefore, changes in fair value are recognized in financial income.

2.15 Provisions for risks and expenses

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision for risks is created when the Group has an obligation toward a third party and it is likely that this will entail an outflow of resources without consideration and equivalent at least to the profit for the third party, and the amount of the obligation can be estimated reliably.

Since provisions are estimated based on future risks and expenses, the amounts include an element of uncertainty and may be adjusted in subsequent periods.

2.16 Pension commitments and other post-employment benefits

In accordance with IAS 19 "Employee Benefits", pensions and other post-employment benefits part of defined-benefit plans are valued by independent actuaries based on the projected unit credit

method.
The provisions for severance payments cover the Group's pension benefit obligations vis-à-vis its employees. Said obligation is limited to the severance payments provided for in the Cinematographic Distribution Collective Agreement. It is calculated using the retrospective method based on the final salary, i.e. by valuing projected entitlements at the estimated date of retirement prorated based on length of service over the period these entitlements were acquired. More in particular, it takes into account:

- rights under agreements in relation to the seniority acquired by the various categories of personnel;
- an estimated date of voluntary retirement set at 63 years of age for all employees, across all job classifications;
- a turnover rate of 14% across the EuropaCorp Group. This rate is reviewed periodically on the basis of actual departures;
- wages and salaries including an employer's social security contribution coefficient of 45%;
- a yearly salary increase rate of 4%;
- the life expectancy of employees based on statistical tables;
- a discount rate for the pension benefit obligation, reviewed at the end of each financial year. The tax rate used for all companies in the EuropaCorp Group was 1.03% as of March 31, 2020.

Changes in actuarial gains and losses over the financial year are accounted for directly in the profit and loss statement.

2.17 Financial debt

In accordance with IAS 39, debt and other financial liabilities are valued at their amortized cost. At March 31, 2020, debt under one year mainly comprises lines of credit and bank overdrafts bearing interest.

Bank commissions related to the different credit lines used by the Company are recognized as transaction costs, in accordance with IAS 39.9, and are taken to profit or loss over the life of the loan (effective interest method).

2.18 Revenues

Revenues from the exploitation of TV dramas and films are recognized once rights have vested in accordance with the following criteria.

2.18.1 Theaters - France

Revenues from the films distribution to theaters in France are recognized when sold to the ticket offices, based on a weekly report submitted by each theater stating revenues for the previous week. Generally, the corresponding revenues are collected during the quarter following the film's release.

2.18.2 Television - France

In accordance with IFRS, revenue from the sale of television broadcasting rights to French pay and free-to-air TV channels are analyzed, pursuant to IFRS 15, as licensing agreements giving rise to a right-of-use of the films as they exist as of the sale date. This income is entirely recorded as revenue when the performance obligations are fully executed and the transfer of control of the right-of-use has taken place. This transfer takes place following the signature of the sale contract, after the acceptance of the broadcasting material and as of the effective date of the broadcasting rights.

2.18.3 International

Most “multiple rights” contracts allow the commercial exploitation of a film or TV drama in a specific region through multiple distribution channels, including theaters, the video market, television and, in certain cases, VOD.

Revenues from these right assignment contracts are royalties and are recognized upon physical delivery to the local distributor of the items covered under the contract for the relevant film(s) (or TV series), when exploitation rights for the local distributor are accounted for.
If the one contract with a foreign distributor provides for different deliveries with corresponding benefits and revenues which are measurable (in general, a guaranteed minimum), discrete, separable and vested on EuropaCorp at the time of the deliveries, the proceeds of each delivery are recognized when the following deliveries are made and accepted by the foreign distributor.
In addition, any potential royalty payments in excess of the minimum guarantee are posted under revenue only when finally acquired, i.e. when the amount has been confirmed by the local distributor.

Any contract entered into before delivery entails the recognition of a “Contract liability” under liabilities in the statement of financial position (if income has been billed and the corresponding receivable is due), or under “Off-balance sheet commitments received” (if no invoice has been issued or the receivable is not due yet), until delivery.

2.18.4 Video and VOD

Proceeds from the exploitation of video rights are accounted for based on monthly sales. At the end of the financial year, a provision is created for estimated returns and rebates granted contractually to clients (notably for large quantities). This provision is deducted from the revenue of the financial year. Videos are distributed by the Fox Pathé Europa EIG created in conjunction with Twentieth Century Fox Home Entertainment SA and Pathé Video SA The Group receives a bill issued by the Fox Pathé Europa EIG at the end of each month, which is paid in 60 days.

Revenues from VOD and pay-per-view film offers are recognized upon receipt of the reports prepared by the operators, generally on a monthly basis. In general, this revenue is equally shared between the Group and the operator. The former, however, receives a minimum amount per view.

2.18.5 Licensing and partnerships

Income from licenses and partnership agreements is recognized in accordance with the contractual provisions. Any royalties received above the guaranteed minimums are accounted for under income upon issuance of the invoice, i.e. upon receipt of the report prepared by the licensee.

2.18.6 Music publishing

Income from the sale of soundtrack CDs comprises the guaranteed minimums of licensed distributors and any royalties. It is reported in accordance with contractual provisions. Any royalties received above the guaranteed minimums are accounted for under income upon issuance of the invoice, i.e. upon receipt of the report prepared by the licensee.

Income from international music publishing agreements is recognized at the date royalties are billed. Income from publishing in France is collected by third parties, which send sales report to the Group. The corresponding income is reported when the Group issues the invoice for the amount payable by the third parties.

2.18.7 Line production

Commissions received by EuropaCorp for its services as line producer are recognized under income based on the progress of each production at the closing date.
Until all of the conditions above are met, revenues are posted as contract liabilities in the consolidated statement of financial position under "Other non-current liabilities" and "Other current liabilities".

2.18.8 Events

The main component of the revenues of this business is service provision fees under contracts whose benefits are recognized in revenue upon realization.

2.19 Automatic subsidies from the National Cinematographic Center

The Group receives subsidies funds from the CNC (Centre National du Cinéma et de l'image animée) for the exploitation of the films classified as European works that receive production approval from the CNC. This funding is then used to finance the production of films satisfying the conditions laid down by the CNC. Revenue is recognized for each share corresponding to stage of the exploitation of the film, which includes distribution in theaters, the sale of television broadcasting rights, and the video market. The subsidies funding received by EuropaCorp Distribution and EuropaCorp Home Entertainment for their distribution and video editing activities is thus recognized in revenue as the receipts from the activities are recorded. The claim against the CNC is listed in the balance sheet under the category "Other receivables". The subsidies funding is not deposited by the Group until it is invested in the production of new films that meet the conditions set by the CNC. Funds not re-invested within a period of five years are prescribed and recognized in the profit and loss statement as other operating expenses. For the production of audiovisual drama, the Group enjoys a comparable subsidies system also managed by the CNC called an audiovisual industry subsidies account (COSIP), which is recorded using the same principles as the subsidies funding. The subsidy funds generated and other similar subsidies amounted to €1,117 thousand and €3,057 thousand respectively for the financial years ended March 31, 2020 and 2019, or 1.6% and 2.0% respectively of total revenue for these years.

2.20 Cinema tax credit

The tax credit for the production of French films or French TV series in France aims to encourage production companies to write and produce their works within the national borders.
For the financial year ended March 31, 2020, the Company received no cinema tax credit. In accordance with the IFRS standards, those credits were allocated to the films in question proportionally to their amortization and appear in the profit and loss statement under the item "cost of sales".

2.21 Operating expenses

Operating expenses are divided between cost of sales and overheads.

Cost of sales includes the following expenses:

- amortization and provisions (net of reversals) of films and TV dramas, as well as provisions for preliminary costs: **please refer to above Section 2.7.4 Depreciation and amortization of intangible assets**;
- printing and distribution costs: these are mainly equal to technical, promotional and advertising costs and are recognized in the consolidated profit and loss statement under expenses in "Cost of sales". Costs for the reproduction or copying of films or TV dramas in a format that is suitable for delivery/broadcasting and the cost of video reproduction are reported under expenses when

incurred. Marketing and advertising costs are accounted for as expenses in "Cost of sales" when incurred;
- technical costs for equipment use;
- payments to third parties recognized as revenues come in;
- contributions and taxes directly attributable to films.

In addition, overheads include property lease expenses. Leases under which the lessor retains substantially all risks and rewards of ownership are classified as operating leases. Payments under these contracts are expensed on a straight-line basis over the term of the lease.

2.22 Profit (loss) per share

The basic earnings per share is calculated by dividing the net income Group share by the average weighted number of outstanding ordinary shares over the financial year, excluding treasury shares. Earnings per share after dilution is calculated based on the average weighted number of outstanding shares during the financial year, plus the number of shares that would be generated by the exercise of all share subscription options awarded at the reporting date and entailing dilution.

2.23 Information by operating segment

The impact of IFRS 8 "Operating Segments" on EuropaCorp's consolidated statements is specifically disclosed in Note 6 to the consolidated financial statements at March 31, 2020.

2.24 Estimates of Senior Management

Preparing the financial statements involves making estimates and assumptions concerning the valuation of certain assets and liabilities booked to the consolidated statement of financial position, and certain elements of the profit and loss statement. The Management may also have to exercise its judgment when applying the group's accounting methods.

These estimates and judgments are based firstly on historical information and secondly on the anticipation of future events judged reasonable given the circumstances. Given the share of uncertainty concerning the realization of assumptions about the future, the resulting accounting estimates may differ from actual future results.

The main assumptions in relation to future events and other sources of uncertainty associated with the use of estimates at the reporting date entailing a material risk of changes in the net book values of assets and liabilities during a future financial year relate to:
- the appraisal of the net book value of films, in particular based on estimated future revenues;
- the appraisal of estimated costs, taking into account the Senior Management's assessment of the likelihood of start of production for the films concerned;
- the appraisal of the recoverable amount of future film rights (remakes, prequels, sequels, etc.), based on Senior Management's assessment of the likelihood of start of production for the films concerned;
- the appraisal of the recoverable amount of goodwill and other intangible assets with an indefinite useful life and assets generating independent cash inflows, in particular by determining the future cash flows of the activities concerned, the long-term growth rate and discount rate;
- the appraisal of the recoverability of deferred tax assets, in particular in relation to tax payable in future financial years;
- the appraisal of risks linked with legal actions involving the Group;
- the estimate of the provision for pensions and other post-employment benefits based on financial assumptions such as the discount rate, and demographic assumptions such as the salary increase rate and staff turnover rate.

## NOTE 3 – NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 3.1 Goodwill

For further details on the accounting and measurement methods and ratios used to carry out impairment tests on goodwill, see Sections *2.6 Goodwill* and *2.4 Business* combinations hereof.

The business projections and estimates of operations used to carry out the impairment test on the different CGUs are prepared by the Managers of the respective CGUs and approved by Senior Management.

In addition, a sensitivity analysis of the assumptions used to determine recoverable amounts was also carried out. Annual impairment tests led to the following conclusions:

a) *For the Production and Distribution of films CGU:*

At the end of each period, the Company compares the catalog's value with the book value of the CGU's net assets.
For the entities composing the CGU, the difference measured between the value of the Production and Distribution of films CGU and the consolidated net book value of its assets was largely positive.

The main assumptions based on which the sensitivity of the parameters would cause a change in the forecasted recoverable amounts are:
- *estimated future revenues: the impact of a 5% reduction in comparison with the assumptions used would not affect the outcomes of the impairment test. Furthermore, part of the projected revenues corresponds to guaranteed revenues, having already been signed;*
- *the discount rate: taking into account the short-term horizon of the estimated future cash flows, the impact of a 1-point increase in the discount rate would not affect the outcomes of the impairment test.*

b) *For the Production and Distribution of TV drama and series CGU:*

As of March 31, 2018, following the sale of the business assets relating to the French television activity, the goodwill related to the Production and Distribution of TV drama and series CGU was totally written off.

c) *For the Events CGU:*

The annual impairment test carried out at March 31, 2014 led the Group to fully depreciate the goodwill, amounting to €951 thousand.

3.2 Intangible assets

| *(in thousands of euros)* | **03/31/2019** | Movements of the period | | | **03/31/2020** |
|---|---|---|---|---|---|
| | | + | - | *Other (1)* | |
| Films and audiovisual rights | 1,423,629 | 308 | (543) | 334 | 1,423,728 |
| Production costs | 104 | - | - | - | 104 |
| Preliminary expenses | 16,416 | 93 | (63) | - | 16,446 |
| Other | 81,784 | 2 | - | 1,927 | 83,713 |
| **Gross amount** | **1,521,933** | **404** | **(606)** | **2,261** | **1,523,991** |
| Films and audiovisual rights | (1,355,819) | (31,760) | - | (334) | (1,387,913) |
| Other | (81,675) | (15) | - | (1,927) | (83,616) |
| **Depreciation/Provisions** | **(1,437,494)** | **(31,775)** | **-** | **(2,261)** | **(1,471,529)** |
| **Net amount** | **84,439** | **(31,371)** | **(606)** | | **52,461** |
| *(1) Changes in scope, transfers between items, forex effect.* | | | | | |

At March 31, 2020, the net book value of intangible assets breaks down of as follows:

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| Preliminary expenses | 1,615 | 1,522 |
| Production costs | - | - |
| Completed films | 50,750 | 82,809 |
| Other intangible assets | 97 | 109 |
| **TOTAL INTANGIBLE ASSETS** | **52,461** | **84,439** |

Financing expenses capitalized against intangible and tangible assets for the financial year ended March 31, 2020 stand at €61 thousand (versus €709 thousand for the year ended March 31, 2019).

In addition, the impairment provision for preliminary expenses undertaken for film projects stands at €14,801 thousand, including €63 thousand recognized during the financial year.

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. Please refer to Section 2.7.4 in this appendix for details.

At March 31, 2020, “Other intangible assets” include:

- the initial contribution of $30 million paid when the joint venture Relativity EuropaCorp Distribution (“RED”) was established, and the additional contribution of $55 million paid during the 2014/2015 financial year to settle the Group’s obligations towards Relativity and to allow EuropaCorp to get a distribution capacity in the United States to be a distributor there. The total investment at March 31, 2020 remains at €77,583 thousand ($85 million). This investment has allowed the Group to sign important contracts with Fox (Video), Amazon (SVOD/Pay TV) and more recently Lionsgate (Video).

  This intangible asset, which represents an entry fee, with an unspecified life is, by definition, non-depreciable and is tested annually. During previous financial years indications of impairment losses were identified requiring the implementation of an impairment test which led to the recognition of impairment in full of this intangible asset.

- at March 31, 2014, exclusive rights to use the Hall, granted to the Events CGU for an amount of

€874 thousand after depreciation and amortization, including non-controlling interests. As of March 31, 2019, on the basis of sales forecasts for the next five years, this asset has been completely impaired.

3.3 Property, plant and equipment

| *(in thousands of euros)* | **03/31/2019** | Movements of the period | | | **03/31/2020** |
|---|---|---|---|---|---|
| | | + | - | *Other [1]* | |
| Plant, machinery and equipment | 11,641 | - | - | - | 11,641 |
| Land, buildings | 19,983 | - | - | - | 19,983 |
| Other property, plant and equipment | 3,862 | - | - | (6) | 3,856 |
| **Gross amount** | **35,486** | **-** | **-** | **(6)** | **35,480** |
| Plant, machinery and equipment | (9,178) | (1,694) | - | - | (10,872) |
| Land, buildings | (13,610) | (2,000) | - | - | (15,610) |
| Other property, plant and equipment | (3,469) | (239) | - | (52) | (3,760) |
| **Depreciation/Provisions** | **(26,256)** | **(3,933)** | **-** | **(52)** | **(30,241)** |
| **Net amount** | **9,230** | **(3,933)** | **-** | **(59)** | **5,239** |
| *(1) Changes in scope, transfers between items, forex effect.* | | | | | |

Property, plant and equipment mainly include assets held by Digital Factory (buildings, facilities and technical equipment at the Normandy site).

3.4 Other financial assets

Other financial assets mainly include deposits and guarantees maturing beyond one year and non-consolidated securities (held by EuropaCorp SA).

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| Non-consolidated securities | 500 | 500 |
| Loans and other receivables | 610 | 610 |
| Deposits and guarantees > 1 year | 6,885 | 6,741 |
| **Net amount** | **7,995** | **7,851** |

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

Investments in associates are presented de-netted in order to highlight the negative contributions in "Other non-current liabilities" and the positive contributions in "Investments in associates".
Les Studios de Paris closes its accounts on December 31. For the purpose of closing EuropaCorp Group's annual financial statements, the Company presented its position at March 31, 2020. Thus, the share of net income posted in EuropaCorp's consolidated financial statements corresponds to the company's operations from April 1, 2019 to March 31, 2020.
As a reminder, EuropaCorp holds a 40% stake and does not control this company.

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| **Control %** | **40.00%** | **40.00%** |
| Book value of net assets held (in thousands of euros) | (2,312) | (1,485) |
| **Share of profit (loss)** | **(1,153)** | **(821)** |
| **Contribution to consolidated equity** | **(8,358)** | **(7,531)** |
| | | |
| Statement of financial position | 16,195 | 10,363 |
| Revenue | 6,238 | 4,669 |
| Profit (loss) | (2,883) | (2,053) |

### 3.6 Deferred tax

Deferred tax was determined at March 31, 2020 based on a standard tax rate of 27.33% for the companies located in France and a rate of 21% increased by federal taxes for the American companies. At March 31, 2019, the standard rate was equal to 28.92% for the companies located in France and 21% increased by federal taxes for the American companies. Deferred tax breaks down as follows at March 31, 2020:

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| Deferred tax assets | 15,292 | 24,684 |
| Deferred tax liabilities | (1,383) | (1,107) |
| **Net deferred tax** | **13,909** | **23,577** |
| *Of which time difference for TV Films revenue* | *3,362* | *5,712* |
| *Of which Support funding generated (CNC subsidies)* | *(428)* | *(3,217)* |
| *Of which Film amortization* | *(12,313)* | *(17,156)* |
| *Of which fair value of forward sales in foreign currencies* | - | - |
| *Of which tax debt of operations* | *2,633* | *987* |
| *Of which other temporary changes* | *20,654* | *37,252* |
| **Net amount** | **13,909** | **23,577** |

Deferred tax on other temporary changes is primarily linked to films depreciations that have yet to become tax deductibles as they relate to assets that have not been exploited yet or to provisions for amortizing films already released but with different tax and accounting rules, which thus create time differences.

The deferred tax asset of €15.3 million mainly concerns the companies EuropaCorp SA for an amount of €9.9 million, T5 Production for €1.2 million and Valérian SAS for €0.8 million.

The deferred tax asset recognized as a result of the tax loss carry-forwards relates to the company EuropaCorp Films USA and is for $2.8 million. This company has a maximum theoretical amount of deferred tax assets of €47.6 million, the equivalent of $52 million, in tax loss carry-forwards. The sales forecasts used and updated in May 2020 cover a five-year period from the financial year ended March 31, 2020 and allow this deferred tax asset to be partially recognized.

Uncertainties in relation to the business forecasts used to appraise the likelihood of the recoverability of recognized deferred liabilities mainly comprise the risk of delay in production schedules (films or TV series, as applicable), in particular due to a competitive environment and periods of unavailability of talents, as well as the risk that budget limits may be exceeded (see Chapter 4 of the Registration Document).

The reconciliation between the theoretical tax calculated based on the standard French tax rate of 27.33% and the actual tax imposed on the Group is as follows:

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| Income before tax and share of net income of associates | (85,688) | (33,291) |
| Cinema tax credit | - | (1,064) |
| Theoretical tax rate | 27.33% | 28.92% |
| **Theoretical tax expense** | **23,419** | **9,935** |
| (Increase) / Decrease of tax expense resulting from: | | |
| *Permanent differences* | *(1,033)* | *(2,804)* |
| *Recognized tax liabilities* | *(29,188)* | *(10,669)* |
| *Miscellaneous* | *(1,733)* | *2,347* |
| **Actual tax (current and deferred)** | **(8,535)** | **(1,190)** |

The permanent differences include -€0.9 million of reintegrated financial charges as part of the tax measures linked to the “rabot fiscal” (cap on deductible financial charges) and +€0.2 million coming from the decrease in the subsidy receivables. This decrease in the financial support receivable has no impact on the results of the financial year but lead to a decrease in the deferred tax liabilities recognized at the generation of this support.

### 3.7 Inventory

Inventory breaks down as follows at March 31, 2020:

| *(in thousands of euros)* | **Production costs (films)** | **Video (Blu-ray & DVD)** | **Merchandising** | **Books** | **Total** |
|---|---|---|---|---|---|
| **Gross amount as of March 31, 2019** | **-** | **618** | **101** | **425** | **1,143** |
| Depreciation provisions | - | (31) | (101) | (425) | (557) |
| **Net amount as of March 31, 2019** | **-** | **587** | **-** | **-** | **587** |
| **Gross amount as of March 31, 2020** | **-** | **255** | **101** | **421** | **777** |
| Depreciation provisions | - | (22) | (101) | (421) | (544) |
| **Gross amount as of March 31, 2020** | **-** | **233** | **-** | **-** | **233** |

### 3.8 Trade receivables

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| Trade receivables - nominal value | 24,681 | 32,766 |
| Provisions for trade receivables depreciation | (5,367) | (4,093) |
| **Net value of trade receivables** | **19,314** | **28,673** |
| **Contract assets** | **8,661** | **14,716** |
| **Total trade receivables** | **27,975** | **43,389** |

The maturity of trade receivables at March 31, 2020 breaks down as follows:

| **Gross value of receivables** | **03/31/2020** | **Owing** | **Not owing*** | **Not owing*** |
|---|---|---|---|---|
| *(in thousands of euros)* | | | **(< 1 year)** | **(> 1 year)** |
| EuropaCorp Group total | **33,343** | 16,860 | 16,482 | - |

Receivables are recognized at their nominal value after deducting the depreciation provisions for non-recoverable amounts. Doubtful receivables are estimated when it is no longer likely that the amount due will be recovered in full. Non-recoverable receivables are accounted under losses if identified as such.
As previously mentioned, at March 31, 2014, the Group recognized annual revenue of €29.7 million (or $42.7 million) resulting from the buy-out agreement signed with Fox in March 2014. At March 31, 2020, the balance of the receivable related to this agreement was reduced to $7.1 million, or €5.1 million, following payments received of $3.5 million, or €3.2 million, during the financial year. The remaining balance will be paid in installments as statements are received and, in any event, will be settled in full no later than March 31, 2024. Note also that this receivable was discounted at the closing date based on a four-year recovery estimate, taking into account the improved cash flow on other films with this distributor and by applying a discount rate of 2.1%.

No additional revenue was recognized under this agreement during the period. Foreign exchange gains and losses linked to the US dollar movements have been recognized in operating income in accordance with ANC Regulation no. 2015-05 of July 2, 2015.

The trade receivables owing at March 31, 2020 mainly consist of receivables for which a collection procedure has been initiated, with a proposal for new payment schedules. The doubtful receivables stand at €5,963 thousand and are 90% impaired.
Receivables beyond one year are due primarily by television channels.
The reconciliation of the trade receivables depreciation provision is presented in the table below:

| *(in thousands of euros)* | **03/31/2019** | **Accruals** | **Reversal** | | **Other*** | **03/31/2020** |
|---|---|---|---|---|---|---|
| | | | **With use** | **Without use** | | |
| Provisions for trade receivables depreciation | **(4,093)** | (1,275) | | | | **(5,367)** |
| ** Impact of change in scope.* | | | | | | |

To secure the funding it requires for its business, EuropaCorp assigns receivables pursuant to the Daily Act. However, the amounts due remain under trade receivables in the statement of financial position, as only settlement is transferred to the banks.

3.9 Other receivables

**Detail of receivables by type**

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| Advances and down-payments to suppliers | 6,642 | 1,580 |
| Support funds & COSIP (audiovisual support) | 10,881 | 11,123 |
| Tax and social security credits | 7,311 | 9,303 |
| Other receivables | 9,329 | 9,730 |
| **Gross amount** | **34,162** | **31,736** |
| Depreciation provisions | (12,714) | (1,981) |
| **Net amount** | **21,449** | **29,755** |

At March 31, 2020, CNC receivables (subsidy funds) included €8.4 million of “Producer” subsidy, €1.6 million of “Distributor” subsidy, €0.5 million of “Video publisher” subsidy and €0.4 million of “Export” subsidy. This receivable was impaired by €9.3 million as of March 31, 2020 in light of the changes to the shareholding structure after the reporting date.

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

### 3.10 Equity

#### 3.10.1 Breakdown of the share capital

At March 31, 2007, EuropaCorp's capital comprised 15,400,000 securities with a par value of €0.34.

Following EuropaCorp's listing on Euronext Paris' Eurolist market on July 6, 2007, the share capital included 20,310,828 fully paid-up shares with a par value of €0.34, i.e. a total capital of €6,905,681.52.

On February 28, 2013, following a capital increase in cash and contributions in kind, the share capital comprised 29,315,154 ordinary shares with a par value of €0.34 each, i.e. a total capital of €9,967,152.36.

On May 22, 2015, the Board of Directors acknowledged the fulfillment of the award conditions and therefore the issuance of 233,783 new shares with a par value of thirty-four (34) euro cents each, for the benefit of employees present in the Group at May 22, 2013 and eligible for the award on May 22, 2015.

On November 17, 2016, the Board of Directors validated a capital increase in cash of €3,885,714.48 through the creation and the issuance of 11,428,572 new shares with a par value of €0.34 each.

At March 31, 2020, the share capital stood at €13,932,353.06. It is divided into 40,977,509 fully paid-up ordinary shares of the same category, with a par value of €0.34 each.

On July 28, 2020, the Board of Directors validated a capital increase in cash of €27,582,405.5 through the creation and the issuance of 81,124,722 new shares with a par value of €0.34 each. As such, as of that date, the share capital was increased from €13,932,353.06 to €41,514,758.54, and was divided into 122,102,231 shares.

**Change in share capital ownership between 03/31/2019 and 03/31/2020**

**Corporate officers**

| Full name / Company | Position as of 03/31/19 | Position as of 03/31/20 | Nationality | Number of units/shares as of 03/31/2019 | Percentage paid up | Number of units/shares as of 03/31/2020 | Percentage paid up |
|---|---|---|---|---|---|---|---|
| Luc Besson and Front Line | Chairman of the Board of Directors | Chairman of the Board of Directors | F | 12,939,938 | 100% | 12,939,938 | 100% |
| Heirs of Christophe Lambert and Lambert Capital BV | | | F | 2,931,416 | 100% | 2,931,416 | 100% |
| Grégory Ouhanon | Director | | F | 1 | 100% | | 100% |
| Virginie Besson-Silla | Director | Director | F | 28,407 | 100% | 28,407 | 100% |
| Coralie de Fontenay | Director | Director | F | 1 | 100% | 1 | 100% |
| Didier Kunstlinger | Permanent representative of Front Line, Director | Permanent representative of Front Line, Director | F | 1 | 100% | 1 | 100% |
| Charles Milhaud | Deputy Chairman of the Board of Directors | Deputy Chairman of the Board of Directors | F | 1 | 100% | 1 | 100% |
| Patrice Gassenbach | Director | Director | F | 1 | 100% | 1 | 100% |
| Lisa Leboff | Director | Director | F | 1 | 100% | 1 | 100% |
| Rhyzlène Nusse | Director | Director | G | 1 | 100% | 1 | 100% |

**Other shareholders or uniholders**

| Full name / Company | Nationality | Number of units/shares as of 03/31/2019 | Percentage paid up | Number of units/shares as of 03/31/2020 | Percentage paid up |
|---|---|---|---|---|---|
| Public / Other shareholders | F | 10,821,466 | 100% | 11,604,614 | 100% |
| FF Motion Invest | C | 11,428,572 | 100% | 11,428,572 | 100% |
| PA Le Pogam | F | 728,025 | 100% | 0 | 100% |
| Habert Dassault Finance (+ Benoît Habert) | F | 2,050,005 | 100% | 1,978,905 | 100% |
| Actions détenues par EuropaCorp | F | 49,673 | 100% | 65,651 | 100% |
| | **TOTAL** | **40,977,509** | **100%** | **40,977,509** | **100%** |

Lambert Capital BV and Christophe Lambert declared to be acting in concert with Front Line and Luc Besson by virtue of a shareholders' agreement signed on May 27, 2013 (Notices 213C0631 and 213C0686 published by the AMF on June 5 and 14, 2013 and Notice 214C0413 dated March 18, 2014).

Equity and minority interests break down as follows. As of March 31, 2020 and 2019:

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| **Equity - Group share** | **(196,136)** | **(100,026)** |
| Issued capital | 13,932 | 13,932 |
| Reserves and earnings brought forward | (210,068) | (113,958) |
| **Non-controlling interests** | **293** | **287** |

EuropaCorp's Senior Management aims to maintain a level of consolidated equity, which ensures that:

- a reasonable debt/equity ratio is maintained;
- insofar as possible, a dividend is paid regularly to shareholders.

However, this amount may vary, in particular if investments of strategic interest for the Group emerge (e.g. the acquisition of a film catalog generating high future income) or based on profit or loss.

By debt the Group refers to all financial liabilities, including financial instrument liabilities linked to financial investments and debt, minus cash and cash equivalents, and the associated financial instruments.

3.10.2 Dividends

The Group did not pay any dividend during the 2019/2020 financial year.

3.10.3 Award of free shares

On September 1, 2015, the single shareholder of EuropaCorp Television approved the establishment of a plan to assign free shares to the two Chief Executive Officers of this company.

The plan is intended to strengthen the links existing between the company and its CEOs, by offering them the possibility to be more closely associated with the development and future performance of the company.

For each of the beneficiaries, the freely-assigned shares were definitively acquired during the corresponding financial year at the end of an acquisition period of two years from the award decision taken on September 1, 2015. They must be retained in registered form and may not be transferred during a retention period of two years from expiration of the acquisition period.

During the financial year closed March 31, 2017, Edouard de Vésinne resigned from his position of Chief Executive Officer at EuropaCorp Television to become Deputy CEO of the EuropaCorp group. Thus, he did not benefit from the free shares plan.

3.11 Provisions for risks and expenses

Changes in the provisions for risks and expenses during the period are detailed below:

| *(in thousands of euros)* | **03/31/2019** | **Accruals** | **Reversal** | | **Other*** | **03/31/2020** |
|---|---|---|---|---|---|---|
| | | | **With use** | **Without use** | | |
| Provisions for expenses | 3,047 | 775 | (653) | (2,394) | | 775 |
| Provisions for risks | 3,020 | 732 | - | (1,983) | | 1,770 |
| Provisions for pensions | 397 | | | (35) | | 362 |
| **Provisions** | **6,464** | **1,507** | **(653)** | **(4,412)** | **-** | **2,907** |

3.11.1 Provisions for risks

The €1,507 thousand allocated to provisions for risks and expenses mainly correspond to the provision for the closure of the EIG Fox Pathé Europa as well as provisions for litigation.

The €4,412 thousand reversal of provisions for risks and expenses used mainly corresponds to the reversal of the provision for unoccupied rent reclassified as lease liabilities under IFRS 16 and reversals of provisions for litigation for which judgments were handed down in favor of EuropaCorp.

As of March 31, 2020, provisions for risks and expenses mainly relate to the following:

- A provision of €0.7 million for the costs of closing the EIG;
- A provision of €0.5 million for litigation between the Company and third parties;

- A provision for an industrial tribunal case for €0.2 million;
- A provision €0.4 million for an URSSAF investigation.

3.11.2 Provisions for pensions

The change in actuarial liability related to the severance pay provision is summarized below:

| | |
|---|---|
| **Actuarial liability at 03/31/2019** | **397** |
| Actuarial liability interest | 4 |
| Cost of services provided during the financial year | 37 |
| Actuarial gains and losses | (76) |
| Benefits paid during the financial year | - |
| **Actuarial liability at 03/31/2020** | **362** |

The provision for pensions as of March 31, 2020 relates to the companies EuropaCorp (€268 thousand) and Digital Factory (€94 thousand).

3.12 Bonds and financial liabilities - Net financial debt

The Company's net debt is as follows:

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| Bonds > 1 year | | |
| Deposits and guarantees received | 493 | 541 |
| Other loans and related debt > 1 year | - | - |
| **Total Loans maturing > 1 year** | **493** | **541** |
| Bonds < 1 year | | |
| Bank loans | | |
| Other loans and related debt < 1 year | 375 | 375 |
| Production credits | 200,553 | 181,173 |
| Bank loans and overdrafts | 1,864 | 668 |
| Marketable securities | (678) | (678) |
| Cash and cash equivalents | (50,002) | (22,231) |
| **Net debt** | **152,605** | **159,847** |

Film production is funded in particular with credit facilities allocated specifically to films by the Company (lines of credit, bank overdrafts, other, etc.). It is recalled that in terms of presentation of the consolidated financial statements, works currently in production are presented under "Non-current assets", whereas the financing of those works is presented entirely under "Current liabilities", in view of its maturity.

The interest charge included in films takes into account, on the one hand, the financial expenses of the loans taken out to fund specific films during the period and, on the other hand, the interest charged by banks on the overdrafts allocated to the various films, within the overall limit of the Group's actual financial cost during the same financial year.

As debit bank balances relate to the facilities and are not specifically attributable to films, the corresponding interest due does not reduce the borrowing costs included in the films' charges. Thus, they are reported under "Income from financial investments / (Cost of debt)" in financial income.

The debt amounts included in the net debt table above correspond to the no longer offset individual balances of the Group's various cash and cash equivalents accounts.

The marketable securities held by the Group are 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 March 31, 2020, the marketable securities are composed of UCITS. The accounting date of marketable securities is the value date of the purchase transaction ("settlement date").

The net currency balance is in US dollars (equivalent to €24,264 thousand), and in Canadian dollars (equivalent to €6 thousand).

On October 21, 2014, the EuropaCorp Group signed a Senior credit line for $400 million (of which 40% in dollars, i.e. $160 million and 60% in euros, i.e. €177.8 million) with an international bank pool acting through J.P. Morgan Chase Bank as the agent. This Senior credit line is accompanied by an accordion clause that allows the maximum amount of the credit to be raised, if necessary, by an additional $150 million.

In addition, this credit line is supplemented by a second line credit facility, which is subordinated for a total additional amount of $50 million.

- The maturity of the Senior credit line is five years, for a maturity date of October 21, 2019. It 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. This revolving line of credit is drawn down in installments (generally for periods of less than one year) to finance film production and distribution;

- The maturity of the second line credit facility of USD 80 million is five years and six months. This credit bears interest at the rate of 13%, of which 6% is payable quarterly, with the balance being capitalized and payable on the maturity date of the credit.

On September 30, 2016, the Group renegotiated the terms of those agreements as follows:
(i) the Senior credit line, whose initial amount was $400 million, was reduced to the amount of $250 million, and then to $230 million on September 8, 2017, then $190 million in December 2018, the accordion clause for an additional $150 million remaining unchanged. These new amounts allow a significant decrease in the non-use fees, the amount of the currently available collateral being insufficient for drawing more than this amount against this line;
(ii) the second line credit facility was extended to an amount of $80 million (from an initial amount of $50 million), enabling an extra $30 million to be drawn. This extension of the second credit line facility also benefits from the guarantee of the Group companies, like previously.

The second credit line facility henceforth bears an annual interest rate of 15% for the whole line, among which 6% are payable quarterly and 9% capitalized and payable on due date of the credit. Since the start of the safeguard proceedings, total interest has been capitalized at the rate of 15%. This line can be paid up at any time without penalty.

At March 31, 2020, €85.6 million had been drawn on this Senior credit line. The secondary credit line has been fully drawn down.

It should be noted that all fees specifically incurred for the establishment of these credit lines are spread for accounting purposes over the duration of said lines.

3.13 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:

| | 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** | **-** |

| | 03.31.19 | | *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 | 7,851 | 7,851 | | | 7,851 | | |
| Other current financial assets | 48 | 48 | | | 48 | | |
| Derivative instruments - assets | | | | | | | |
| Cash and cash equivalents | 22,909 | 22,909 | 22,909 | | | | |
| **Financial assets** | **30,808** | **30,808** | **22,909** | **-** | **7,899** | **-** | **-** |
| Debt > 1 year | 541 | 541 | | | 541 | - | |
| Debt < 1 year | 182,216 | 182,216 | - | | | 182,216 | |
| Derivative instruments - liabilities | | | | | | | |
| **Financial liabilities** | **182,757** | **182,757** | **-** | **-** | **541** | **182,216** | **-** |

Financial assets and liabilities are already measured at their fair value in the accounts.

The revised version of IFRS 7 - "Financial instruments: Disclosures - Improving Disclosures about Financial Instruments" applies to assets and liabilities measured at their fair value and provides for a 3-level fair value hierarchy:
- level 1 includes inputs 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 March 31, 2020:

| (in thousands of euros) | 03/31/2020 | *Maturities* | | |
|---|---|---|---|---|
| | | **< 1 year** | **1-5 years** | **> 5 years** |
| Fixed rate financial assets | - | | | |
| Variable rate financial assets | 50,680 | 50,680 | | |
| Financial assets not exposed | 8,028 | 33 | 7,385 | 610 |
| **Financial assets** | **58,708** | **50,713** | **7,385** | **610** |
| Fixed rate financial liabilities | - | | | |
| Floating-rate financial assets | 202,792 | 202,792 | | |
| Financial liabilities not exposed | 493 | | 493 | |
| **Financial liabilities** | **203,285** | **202,792** | **493** | **-** |

The monitoring of the interest rate and sensitivity risk can be summarized as follows at March 31, 2020 (assumption used: 0.5-point increase in interest rates):

| *(in thousands of euros)* | **Fixed rate** | **Variable rate** | **Not exposed** | **Total** |
|---|---|---|---|---|
| Financial assets | | 50,680 | 8,028 | 58,708 |
| Financial liabilities | | 202,792 | 493 | 203,285 |
| **Net equity before hedging** | **-** | **(152,112)** | **7,535** | **(144,577)** |
| "Hedging" | | - | | - |
| Net equity after hedging | - | (152,112) | 7,535 | (144,577) |
| **Sensitivity** | **-** | **(761)** | | **(761)** |

- *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 March 31, 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. There is usually a period of several months between the time investments are made to produce and promote a film and the time the exploitation receipts are actually collected. This temporary delay can mean that bank loans have to be taken out. 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.

To bridge the gap between the timing of investments and the collection of receipts from film exploitation, EuropaCorp has a Senior credit line for a total amount of $190 million (of which 11.8% is in dollars, i.e. $22.5 million, and 88.2% in euros, i.e. €149 million). This senior credit line is accompanied by an accordion clause that allows the amount of the credit to be raised, if necessary, by an additional $150 million.

In addition, this credit line is supplemented by a second lien credit facility, which is subordinated for a total additional amount of $80 million.

The maturity of the Senior credit line is five years, for a maturity date of October 21, 2019.
It 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 maturity of the secondary credit line of $80 million is five years and six months, i.e. maturing on April 21, 2020. This credit bears interest at the rate of 15%, of which 6% is payable quarterly, with the balance being capitalized and payable on the maturity date of the credit. Since the start of the safeguard proceedings, total interest has been capitalized at the rate of 15%.

- *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 large asset categories as of March 31, 2020:

| *(in thousands of euros)* | **03/31/2020** |
|---|---|
| Trade receivables | 27,975 |
| Marketable securities | - |
| Other receivables exposed to credit risk | - |
| Total | 27,975 |

- *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 equity risk at March 31, 2020.
In addition, at March 31, 2020, EuropaCorp held 65,651 treasury shares with a value of €35 thousand.

| *(in thousands of euros)* | **Other companies' or UCITS shares portfolio** | **Treasury shares portfolio** |
|---|---|---|
| Assets position | Nil | 35 |
| Off-balance sheet | Nil | - |
| **Overall assets position** | **Nil** | **35** |

## 3.14 Trade payables and other current liabilities

### Breakdown of other current liabilities by type

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| **Trade payables** | **51,594** | **53,616** |
| **Equity investment liabilities** | **-** | **-** |
| Advances and down-payments on orders | 1,451 | 746 |
| Taxes and social security contributions payable | 11,903 | 11,614 |
| Miscellaneous liabilities | 82,810 | 42,219 |
| **Total other financial liabilities** | **96,164** | **54,579** |
| **Total operating liabilities** | **147,757** | **108,195** |

Miscellaneous liabilities at March 31, 2020 are mainly expenses comprising repayments to third parties and costs incurred for ongoing productions, and the debt of €38,294 thousand (equivalent to $42 million) used to finance the repurchase of the Group's initial obligations towards Relativity Media. On March 31, 2019 an off-balance sheet commitment of $45 million (€41.3 million) was added to this sum, corresponding to the amount of the profit-sharing not paid in cash to Vine and Falcon. This off-balance sheet commitment has been recognized as a EuropaCorp SA debt to Vine and Falcon through an operational expense of $45 million (€41 million) in respect of the financial statements for the financial year ended March 31, 2020.

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.

The maturity of trade payables at March 31, 2020 breaks down as follows:

| **Trade payables** *(in thousands of euros)* | **03/31/2020** | **Owing** | **Not owing*** **(< 1 year)** | **Not owing*** **(> 1 year)** |
|---|---|---|---|---|
| EuropaCorp Group total | **51,594** | 17,005 | 34,589 | - |

## 3.15 Other assets and liabilities (current and non-current) and Equity investment liabilities

### 3.15.1 Other assets and liabilities (current and non-current)

Other current assets mainly pertain to prepaid expenses amounting to €344 thousand at March 31, 2020 for expenses undertaken for productions not yet commercially exploited.

Other current liabilities comprise deferred income and contract liabilities corresponding to billed revenues reported as revenue based on an event that had not occurred at the end of the financial year. Deferred income and contract liabilities are classified as non-current liabilities when the maturity for revenue recognition is beyond one year. The portion of deferred income maturing under one year is equal to €9,102 thousand at March 31, 2020.

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

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| Subsidies | - | 522 |
| Other deferred income | 551 | 1,140 |
| **Total deferred income** | **551** | **1,662** |
| TV rights items | 12,302 | 19,750 |
| Undelivered international sales | 3,097 | 4,143 |
| **Total contract liabilities** | **15,399** | **23,893** |
| **Total other** | **2,997** | **2,172** |
| **Total other current and non-current liabilities** | **18,947** | **27,726** |

### 3.15.2 Other non-current liabilities

***Maturities of other non-current liabilities and equity investment liabilities***

| *(in thousands of euros)* | **03/31/2020** | **1-5 years** | **> 5 years** |
|---|---|---|---|
| Contract liabilities | 6,848 | 6,848 | |
| Provisions for risks | 975 | 975 | |
| Other | 2,022 | 2,022 | |
| **Total other non-current liabilities** | **9,845** | **9,845** | **-** |

### 3.15.3 Change in contract assets and liabilities

The changes in contract assets and liabilities are detailed in the table below

| *(in thousands of euros)* | **CONTRACT ASSETS** | **CONTRACT LIABILITIES** |
|---|---|---|
| **Position at the start of the financial year** | | |
| Income recognized during the financial year included in contract liabilities at the beginning of the financial year | | |
| Cash from unrecognized income for the financial year | | 15,399 |
| Impairment of contract assets | | |
| Reclassification of contract assets as trade receivables | | |
| Reclassification between contract assets and contract liabilities | | |
| Progress or change in contracts | | |
| Change in scope | | |
| Other | 8,661 | |
| **Position at the end of the financial year** | **8,661** | **15,399** |

### 3.16 Leases

| *(in thousands of euros)* | **03/31/2020** |
|---|---|
| **Right-of-use of leased assets** | **11,277** |
| Lease liabilities > 1 year | (12,801) |
| Lease liabilities < 1 year | (2,458) |
| **Total lease liabilities** | **(3,982)** |

In accordance with IFRS 16, the leases in place at March 31, 2019 were reclassified as rights-of-use and rental debt liability at April 1, 2019.

| *(in thousands of euros)* | **03/31/2019** | IFRS implementation | Contractual developments | Variation | **03/31/2020** |
|---|---|---|---|---|---|
| **Right-of-use of leased assets** | **0** | 44,671 | (27,448) | (5,946) | 11,277 |
| Lease liabilities > 1 year | 0 | (40,272) | 27,805 | (334) | (12,801) |
| Lease liabilities < 1 year | 0 | (7,411) | 154 | 4,798 | (2,458) |
| **Total lease liabilities** | **0** | (47,683) | 27,960 | 4,465 | (15,259) |

### *Impacts of IFRS 16 on the consolidated profit and loss statement*

The table below sets out the impact of IFRS 16 on each of the items in the profit and loss statement for the half-year.

| (amounts in thousands of euros) | **03/31/2020 issued** | **Impact IFRS 16** | **03/31/2020 without impact IFRS 16** |
|---|---|---|---|
| Turnover | 69,767 | | 69,767 |
| **Revenue** | **69,767** | **0** | **69,767** |
| Cost of sales | (48,322) | | (48,322) |
| **Operating margin** | **21,444** | **0** | **21,444** |
| Overheads | (16,219) | 454 | (16,673) |
| Other income and expenses | (64,334) | 6,112 | (70,446) |
| **Operating profit (loss)** | **(59,109)** | **6,566** | **(65,674)** |
| Income from financial investments / (Cost of financial debt) | (18,465) | | (18,465) |
| Other financial income and expenses | (8,114) | (2,499) | (5,615) |
| **Financial income** | **(26,580)** | **(2,499)** | **(24,080)** |
| **Current income before income tax** | **(85,688)** | **4,066** | **(89,755)** |
| Tax | (8,535) | (1,111) | (7,424) |
| Equity in net earnings of associated companies | (827) | | (827) |
| **Net income from continuing operations** | **(95,051)** | **2,955** | **(98,005)** |

## NOTE 4 – NOTES TO THE CONSOLIDATED PROFIT AND LOSS STATEMENT

### 4.1 Revenue

| (in thousands of euros) | 03/31/2020 | 03/31/2019 |
|---|---|---|
| Production | 49,801 | 123,938 |
| Distribution | 9,074 | 7,212 |
| Video | 4 934 | 14,182 |
| Events | 442 | 126 |
| Miscellaneous | 5,515 | 3,221 |
| **Revenue** | **69,767** | **148,679** |
| *Of which support funding generated (including Cosip)* | *1,117* | *3,057* |
| *Of which revenue from exports* | *21,677* | *82,417* |

Net revenue totaled €69.8 million for the 2019/2020 financial year compared to €148.7 million for the previous year, i.e. an increase of 53%.

*"Production" revenue*:

Television & SVOD sales in France and the United States amounted to €27.3 million for the 2019/2020 financial year, or 39% of total revenue, versus €31.2 million for the previous financial year. These are driven by the French market and correspond to the release schedule for catalog films. During the 2019/2020 financial year, four broadcasting rights windows for a unit amount exceeding €1 million opened up (*Valerian and the City of a Thousand Planets, Renegades, Lucy and I Feel Better*) compared to six the prior year.

International sales stand at €14.8 million for the financial year, or approximately 21% of total revenue, versus 51.8 million for the previous year. They comprised mainly of the last deliveries of the films *Kursk* and *Anna* as well as the ones for *Nous finirons ensemble (Little White Lies 2)*, as well as significant royalties collected on films from the catalog (in particular *Lucy* and *Taken 3*).
The Group notes that royalties from English-language films were recognized as revenue based on the latest statements received.

Revenue for the TV Series activity amounted to €6 million for the 2019/2020 financial year, or 9% of total revenue, against €24.4 million for 2018/2019, which included international deliveries of the last 6 episodes of the second season of the TV series *Taken*. This revenue of €6 million corresponds to the international exploitation of the *Taken* series (royalties).

Revenues linked to the corresponding rights (partnerships, licenses, etc.) stand at €0.6 million at March 31, 2020, versus €1.2 million at March 31, 2019.

The other components in "Production" revenue are subsidies funding (€1.0 million, comprised of the "Producer" subsidy and "Export" subsidy) as well as income generated by post-production (€0.4 million), co-production (*Nous finirons ensemble (Little White Lies 2)*).

*"Distribution" revenue*:

Theatrical distribution revenue in France and the United States amounted to €8.7 million for the 2019/2020 financial year, or around 12% of total revenue, against €6.8 million in 2018/2019.
This revenue corresponds in 2019/2020 to the sales made in French theaters of the following films:
- *Nous finirons ensemble (Little White Lies 2),* released in May 2019: 2.8 million admissions;
- *Anna,* released in July 2019: 750 thousand admissions.

The other component of the "Distribution" annual revenue is the revenues related to the "Distributor" financial subsidies (€0.1 million).

*"Video" revenue*:

The Video & VOD segment in France and the United States represents around 7% of the annual revenue, coming in at €4.9 million, versus €14 million in 2018/2019. This revenue includes video and VOD sales realized in the US, in particular for *Renegades* and *Valerian and the City of a Thousand Planets*, and *Taxi 5* in France (though less significant than during the previous financial year, when the films *Renegades* and *Taxi 5* first became available in video).

4.2 Operating margin

The operating margin totaled €21.4 million (i.e. 31% of revenue) for the financial year ended March 31, 2020, compared to €27.3 million (i.e. 18% of revenue) for the year ended March 31, 2019. This is mainly from the exploitation of films from the catalog.

4.3 Overheads

General and administrative expenses amounted to €16.2 million compared to €29.5 million the previous financial year, a decrease of €13.3 million (-45%). They had already decreased by €4.4 million (-13%) during the 2018/2019 financial year and by €12.8 million (-27%) during 2017/2018.
In the 2019/2020 financial year these savings were due in particular to the renegotiation of the lease on La Cité du Cinéma as well as savings on payroll costs in France and the United States.

It should be noted that the cost of rents related to La Cité du Cinéma is presented in the Group's consolidated financial statements as of March 31, 2020 net of any rent borne by sub-lessees in order to reflect the net rent charge incurred by the EuropaCorp Group.

4.4 Other operating income and expense

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| Depreciation of the EuropaCorp Distribution LLC asset | | (60,262) |
| Debt profit-sharing agreement | (40,995) | |
| Provision for subsidy receivable amortization | (9,316) | |
| Other | (14,023) | (8,721) |
| **Other operating income and expense** | **(64,334)** | **(68,983)** |

Other operating income and expense primarily comprise the impairment of assets recognized by the Company during the financial year as well as restructuring costs.

4.5 Financial income

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| Net debt financial income | (18,465) | (16,444) |
| Other financial income and expenses | (8,114) | (12,431) |
| **Financial income** | **(26,580)** | **(28,876)** |

Financial income for the period totaled €(26.6) million, versus €(28.9) million in the previous financial year and includes in particular an exchange rate loss of €(3.6) million due to the movement of the euro against the US dollar during the financial year.
Financial income also includes the cost of net financial debt of €(18.5) million, €(2.5) million in interest on the lease liability after the application of IFRS 16 and €(2) million for the share of banking commissions for the establishment of the credit lines, which are spread out over the maturity of these

loans.

4.6 Tax

**Breakdown of tax by type:**

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| Current tax | 50 | (414) |
| Deferred tax | (8,585) | (776) |
| **Total tax income / (expense)** | **(8,535)** | **(1,190)** |

The deferred tax expenses for the financial year mainly correspond to the partial impairment of the deferred tax asset from tax loss carry-forwards for the subsidiary EuropaCorp Films USA.

4.7 Payroll costs

The following table shows the Company's total payroll costs before recognition of part of these expenses in the cost of films.

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| **Average permanent workforce** | **45** | **71** |
| **Payroll costs (including temporary personnel)** | **(6,374)** | **(12,797)** |
| Salaries | (4,241) | (9,362) |
| Profit sharing | - | - |
| Social security contributions | (2,172) | (3,571) |
| Retirement benefit commitments | 39 | 136 |
| Post-employment benefits | | |

The decrease in payroll costs is mainly related to the following factors:
- The decline in production volume with the main consequence being the decrease in the salaries of temporary staff (no productions in the financial year);
- The impact of the Employment Protection Plan with employees present during part of the previous financial year and the layoffs associated with the restructuring of France distribution.
- Disposal of the Roissy business resulting in the departure of Roissy employees.

**NOTE 5 – OTHER INFORMATION**

5.1 Notes on the statement of cash flows

The presentation of components of cash and cash equivalents is covered in Note 2.12.
Bank loans and overdrafts are not included in components of cash and cash equivalents.
Details of this item are given in Note 3.12.

- *Cash flows from operations*

Net cash flows linked to the business remained high as of March 31, 2020 and totaled €31,329 thousand, compared to €101,694 thousand as of March 31, 2019. The decrease is due, in particular, to international presale receipts for the film *Anna* in the previous financial year.
The change in working capital requirement during the financial year ended March 31, 2020 is equal to €60,657 thousand versus €24,844 thousand the previous year. This increase is mainly due to the recognition of the second part of the Vine profit-sharing agreement as other financial liabilities, for a total of €41 million as of March 31, 2020.

- *Cash flows from investments*

At March 31, 2020, net investment cash flows stood at €150 thousand versus €(10,395) thousand for the financial year ended March 31, 2019.
This decrease is related to the absence of "acquisitions of intangible assets" in the 2019/2020 financial year, versus €(12,751) thousand in the previous year.

- *Cash flows from financing*

At March 31, 2020, net cash flows from financing activities stand at €(5,573) thousand, versus €(101,502) thousand as of March 31, 2019. This amount includes, in particular, the repayment of €(7,475) thousand in lease liabilities following the application of IFRS 16 whilst the amount from the previous financial year included the repayment of production for *Anna*, the series *Taken* and *Taxi 5*.

5.2 Related-party transactions

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

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| **Statement of financial position** | | |
| ***Receivables*** | | |
| Trade receivables and other operating receivables | 622 | 335 |
| Debit balances and other current financial receivables | - | - |
| ***Debt*** | - | |
| Other non-current financial liabilities | 20 | 6 |
| Trade payables and other operating liabilities | 76 | 221 |
| Financial current accounts receivables | - | - |
| | - | |
| **Profit and loss statement** | - | - |
| Revenue | 965 | 4 |
| Operating expenses | (602) | (605) |
| Financial expenses | - | - |
| Financial income | - | - |

As part of the establishment of SCI Les Studios de Paris, EuropaCorp signed a shareholders' agreement with the other partners (including Front Line) governing the terms of their stakes within these companies. The total amount of the Company's commitments may not exceed €6 million.
With a private agreement dated February 11, 2003, Seaside Films Company, a company incorporated under the laws of California and controlled by Luc Besson, made a retroactive commitment, from April 1, 2002, to research and develop scripts to serve as a basis for film production in the US in exchange for fixed yearly remuneration, as well as the remuneration of any subcontractors, which Seaside Films Company reinvoices to EuropaCorp at its actual cost with no margin.

In accordance with EuropaCorp's undertakings toward CDC Enterprises Elan PME and Habert Dassault Finances as part of the cash capital increase of February 2013, on March 18, 2013, the

Company established an American subsidiary, EuropaCorp Films USA, now responsible for developing scripts for film productions. Previously it was Seaside Films Company that developed the scripts. Thus, this company is no longer paid for this work. Only the expenses incurred by Seaside (mainly intellectual property rights) are reinvoiced, without any profit margin, to EuropaCorp. As of March 31, 2019, the total amount invoiced by Seaside Films Company to EuropaCorp, taking into account the number and type of English-language productions during the period, led to the recognition of an expense of €569,791, versus €34,942 in the preceding financial year.

5.3 Commitments and contingent liabilities

The Group's off-balance sheet commitments at March 31, 2020 are as follows (in thousands of euros):

| **Commitments received by EuropaCorp** (in thousands of euros) | **03/31/2020** | **03/31/2019** |
|---|---|---|
| Commitments received from clients | | |
| *For the cinematographic business* | *2,963* | *12,639* |
| *Support funds for audiovisual activities* | *2,105* | *1,967* |
| Financial commitments for leases* | 6,339 | 12 681 |
| **Total commitments received** | **11,407** | **27,287** |
| ** Relates to the sub-lease agreements for the La Cité du Cinéma business park.* | | |
| | | |
| **Commitments made to third parties** (in thousands of euros) | **03/31/2020** | **03/31/2019** |
| Financial commitments for leases** | 0 | 36,891 |
| Vine Participation | 0 | 40,053 |
| Financial commitments for cinematographic investments | 0 | 0 |
| **Total commitments made** | **0** | **76,945** |
| *** 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)** | **11,407** | **-49,658** |

To EuropaCorp's knowledge, to this date there are no litigation or arbitration proceedings that may significantly affect in the foreseeable future or have significantly affected in the recent past EuropaCorp's financial position, profit or assets.
EuropaCorp also entered into a collateral pledging agreement in favor of the pool of lending banks and covering the stakes it holds in property investment company Les Studios de Paris as security for the commitments of the latter stemming from a property leasing contract with a net down payment of €18 million.

**List of security interests granted to J.P. Morgan Chase Bank N.A. for the two credit lines arranged on October 21, 2014.**

As security for the credit lines contracted with J.P. Morgan on October 21, 2014, EuropaCorp and some of its subsidiaries (Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo) granted first-line and second-line guarantees on all their assets.

On October 21, 2014, EuropaCorp arranged, for the benefit of the lenders, first-line and second-line personal guarantees for the commitments of EuropaCorp Films USA, Inc. in respect of the credit lines, and, as security for these personal guarantees:

- *first-line and second-line on-demand standalone guarantees;*
- *first-line and second-line pledges of securities accounts relating to shares of the following subsidiaries:*
    - *EuropaCorp Home Entertainment SAS,*
    - *EuropaCorp Distribution SAS,*
    - *EuropaCorp Music Publishing SAS,*
    - *Intervista SAS,*
    - *Dog Productions SAS,*
    - *Ydéo SAS,*
    - *Roissy Films SAS,*
    - *Blue Advertainment SAS,*
    - *EuropaCorp Films USA, Inc. (pledge under US law),*
    - *EuropaCorp Aéroville SAS,*
    - *EuropaCorp Television SAS;*
- *first-line and second-line pledges of shares of the company Pass Pass La Cam SARL;*
- *first-line and second-line pledges of all of its existing or future bank accounts;*
- *first-line and second-line pledges of claims on any type of intercompany loan or advance;*
- *first-line and second-line film pledges concerning the tangible and intangible rights to the films in its catalog (except for the film* Taken 3 *– see special provision below);*
- *first-line and second-line assignments of film revenue concerning revenue generated by the films in its catalog;*
- *first-line and second-line pledges of the physical elements of films stored at laboratories outside France;*
- *first-line and second-line pledges of all of its proprietary trademarks;*
- *first-line and second-line assignments of insurance covering all insurance policies except for error and omissions and third-party liability policies;*
- *first-line and second-line pledges of its business;*
- *first-line and second-line pledgeholder agreements under US* law *with the laboratory Éclair;*
- *first-line and second-line pledgeholder agreements under US* law *with the laboratory Digital Factory;*
- *a third-line pledge on the collection account for the film* Taken 3*;*
- *a third-line film pledge on the film* Taken 3*;*
- *a third-line assignment of film revenue for revenue from the film* Taken 3.

Finally, on October 22, 2014, Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo also arranged, for the benefit of the lenders, first-line and second-line personal guarantees for the commitments of EuropaCorp Films USA, Inc. in respect of the credit lines, and, as security for these personal guarantees:

- *first-line and second-line on-demand standalone guarantees;*
- *first-line and second-line pledges of their business;*
- *first-line and second-line pledges of all of their existing or future bank accounts;*
- *where applicable, first-line and second-line pledges of securities accounts relating to shares in the equity interests they hold;*
- *where applicable, first-line and second-line film pledges concerning the tangible and intangible rights to the films in their catalog;*
- *where applicable, first-line and second-line assignments of film revenue for revenue generated by the films in their catalog;*
- *where applicable, assignments of SACEM revenue.*

**List of security interests granted to Vine Investment Advisors LP for the Amended and Restated Secured Participation Agreement**

As security for the payments due to Vine Investment Advisors LP under an agreement drafted in English and entitled Amended and Restated Secured Participation Agreement, signed on December 31, 2014, between EuropaCorp SA, as Seller, EuropaCorp Films USA, Inc. and various Guarantors, Purchasers, and Vine Investment Advisors, LP, acting as Administrative Agent (the "**Participation Agreement**"), EuropaCorp and some of its subsidiaries (Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo) granted third-line guarantees on all of their assets.

On March 18, 2015, EuropaCorp therefore signed, in favor of Vine Investment Advisors LP, third-line personal guarantees for EuropaCorp's commitments under the Participation Agreement and, as security for this personal guarantee:

- *a third-line on-demand standalone guarantee for a maximum amount of $100 million;*
- *third-line pledges of securities accounts relating to shares of the following subsidiaries:*
    - *EuropaCorp Home Entertainment SAS,*
    - *EuropaCorp Distribution SAS,*
    - *EuropaCorp Music Publishing SAS,*
    - *Intervista SAS,*
    - *Dog Productions SAS,*
    - *Ydéo SAS,*
    - *Roissy Films SAS,*
    - *Blue Advertainment SAS,*
    - *EuropaCorp Films USA, Inc. (pledge under US law),*
    - *EuropaCorp Aéroville SAS,*
    - *EuropaCorp Television SAS;*
- *a third-line pledge of shares of the company Pass Pass La Cam SARL;*
- *a third-line pledge of all its existing or future bank accounts;*
- *a third-line pledge of claims on any type of intercompany loan or advance;*
- *third-line film pledges concerning the tangible rights (film material) and intangible rights to the films in its catalog (except for the film* Taken 3 *– see special provision below);*
- *third-line assignments of film revenue concerning revenue generated by the films in its catalog;*
- *third-line pledges of the physical elements of films stored at laboratories outside France;*
- *third-line pledges of all of its proprietary trademarks;*
- *third-line assignments of insurance covering all insurance policies except for error and omissions and third-party liability policies;*
- *third-line pledges of its business;*
- *third-line pledgeholder agreements under US* law *with the laboratory Éclair;*
- *third-line pledgeholder agreements under US* law *with the laboratory Digital Factory SAS;*
- *a third-line pledge on the collection account for the film* Taken 3*;*
- *a fourth-line film pledge on the film* Taken 3*;*
- *a fourth-line assignment of film revenue concerning revenue from the film* Taken 3.

Finally, on March 18, 2015, Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo also signed, for the benefit of Vine Investment Advisors LP, third-line personal guarantees of EuropaCorp's commitments under the Participation *Agreement*, and, as security for these personal guarantees:

- *third-line on-demand standalone guarantees;*
- *third-line pledges of their business;*
- *third-line pledges of all of their existing or future bank accounts;*
- *where applicable, third-line pledges of securities accounts relating to shares in the equity interests they hold;*
- *where applicable, third-line film pledges concerning the tangible and intangible rights to the films in their catalog;*
- *where applicable, third-line assignments of film revenue concerning revenue generated by the films in their catalog;*
- *where applicable, third-line assignments of SACEM revenue.*

**Commitments from leases**

- Film sets

Since August 2009, EuropaCorp has partnered with EuroMediaGroup, Quinta Communications and Front Line in the property investment company SCI Les Studios de Paris, through a property lease signed with a pool of leasing companies for a group of nine studios at the La Cité du Cinéma site ranging in size from 600 to 2,200 square meters each, sold by EuropaCorp Studios. EuropaCorp is a 40% shareholder of SCI Les Studios de Paris, whose studios were constructed at a cost of €30.2 million excluding tax. In addition to investments in the Company's share capital, current account funds were provided, in particular to finance the construction of the studios. As of March 31, 2020, capital investments and contributions to associates' current accounts totaled €10.3 million.

EuropaCorp has also agreed for the benefit of the pool of lending banks to pledge the 300,000 shares it holds in the capital of the SCI as collateral for the SCI's commitments under the real estate lease in the amount of €18,000,000. In addition, EuropaCorp has granted, for the benefit of the pool of lending banks, a lock-up commitment pursuant to which it has agreed, during the term of the lease, not to sell without the consent of the pool of lending banks the shares it holds in SCI Les Studios de Paris.

- Commercial lease for the premises of La Cité du Cinéma

On May 18, 2009, the Company entered into an off-plan commercial lease with EuropaCorp Studios for an office complex (that also includes projection and reception areas, technical rooms and parking spaces) to be built on the site of La Cité du Cinéma in Saint-Denis and delivered in 2012 (the "Lease Agreement"). The Lease Agreement was concluded for a period of 12 years from the delivery of the leased premises for a rent of around €6.4 million annually, which was to be discounted until the lease took effect at 85% on the BT01 index.

The Lease Agreement was transferred to La Nef Lumière, acquirer of the offices as lessor upon their delivery, which took place on April 6, 2012. Including the discount, the annual rent as of April 6, 2019 is €6.8 million, excluding charges and common areas.

Under the terms of the Lease Agreement, the Company is expressly authorized to sublet all or part of the premises that it is renting.

- Sublease agreement with Front Line

On May 15, 2009, the Company concluded an agreement in principle with Front Line, defining the main terms and conditions of a subletting agreement, under the terms of which Front Line would undertake to sublease, with the option of subletting, part of the offices and workshops rented by EuropaCorp under the Lease Agreement, for the duration of the Lease Agreement, for an annual rent of around €3.9 million excluding service charges and common area maintenance fees, based on the same prices per square meter as those paid by EuropaCorp.

The subletting agreement was signed on June 21, 2013 between EuropaCorp and Front Line for a firm period of 12 years, which started on April 6, 2012 and will end on April 5, 2024.
Following the acquisition of Blue Advertainment, Blue Event and Digital Factory (whose rents were paid by Front Line before February 28, 2013), a new lease was signed on December 16, 2013 between EuropaCorp and Front Line in order to modify the surface areas sublet to Front Line. Under this new lease, Front Line will be paying EuropaCorp annual rent of €2.3 million, excluding service charges and common area maintenance fees. It should be noted that an amendment was signed on February 11, 2015 to reflect changes in the occupied space following the relocation of a Front Line employee. The space formerly used by this employee will now be available for EuropaCorp.

It should be noted that the Company's decision to lease this set of offices was taken into consideration in Front Line's commitment in principle to sublet, under the same conditions that those enjoyed by EuropaCorp, a sizable portion of the premises of which it will have no need, provided that it in turn sublets the premises that it will not occupy, so that the Company's rental expenses would be substantially equivalent to what it paid when it was located at rue du Faubourg Saint-Honoré in Paris, whilst having offices that are larger in area.

Consequently, the financial neutrality of this transaction for the Company was based on Front Line's ability to pay rent on the surface areas that it sublet.

On September 29, 2017, the subleasing agreement between EuropaCorp and Front Line was terminated. At the same time, the subleasing agreements previously signed by Front Line with third parties were taken on by EuropaCorp.

- Agreement on the use of the central hall for events signed with La Nef Lumière

On November 5, 2012, the Company formalized an agreement with La Nef Lumière (a third-party company), in the presence of Front Line and Blue Event, laying down the terms and conditions, in accordance with the Lease Agreement (described above), for the use of La Cité du Cinéma's central hall for events to be staged by Blue Event.
It is further noted that pursuant to the sublease agreement between EuropaCorp and Blue Event, dated December 16, 2013, EuropaCorp will invoice Blue Event for use of the central hall for an amount of €355 thousand annually.

Following various meetings, particularly on October 2 and December 13, 2019, under the aegis of the Court-Appointed Administrators and the Interministerial Committee on Industrial Restructuring, the Company and its lessor, La Nef Lumière, finalized an economic agreement. This agreement was formalized in a memorandum of understanding finalized on December 17, 2019, the signature of which was authorized by the bankruptcy judge given its transactional nature. This general agreement is based on the reduction of the rented space at La Cité du Cinéma (around 5,200 m2 instead of 18,000 m2), the payment of rent arrears on La Cité du Cinéma predating the opening judgment within a month of the Plan being approved, the payment over seven years of a termination penalty equal to one year's rent, excluding charges, proportionally to the vacated area, i.e. around €5.6 million and the introduction of a best fortune clause in favor of the lessor, La Nef Lumière.

5.4 Remuneration of main senior executives

The table below summarizes the remuneration paid by the Group to its main senior executives during the last two financial years.

| *(in thousands of euros)* | **03/31/2020** | **03/31/2019** |
|---|---|---|
| Short-term benefits<br>Termination benefits<br>Post-employment benefits<br>Other long-term benefits | 3,055 | 5,853 |
| Share-based payment | | |

€180 thousand were also recognized as Directors' fees during the financial year ended March 31, 2020.

5.5 Subsequent events

The French Financial Markets Authority (Autorité des marchés financiers - AMF) approved the prospectus filed by the Company on April 14, 2020 under number 20-142. This prospectus relates to two share capital increases without preferential subscription rights for shareholders, reserved for the funds Vine and Falcon, for an amount of around €193 million. These planned capital increases of around €193 million reserved for the Falcon and Vine funds were approved by the Combined General Meeting on April 28, 2020 with powers delegated to the Board of Directors to execute them.

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. As such, as of that date, the share capital was increased from €13,932,353.06 to €41,514,758.54, and was divided into 122,102,231 shares.

As of the filing date of this Universal Registration Document, the Group considers that the COVID-19 epidemic may result in delays to the production and/or release in theaters of any films on which the Company begins production.
The Company is also expecting a decrease in footfall in theaters owing to the strict health conditions that the government may introduce as part of its management of the health crisis.

## 5.6 Additional information

Fees of the Statutory Auditors for EuropaCorp and its subsidiaries for the financial years ended on March 31, 2019 ("N-1") and on March 31, 2020 ("N") in thousands of euros:

| *(In thousands of euros)* | ***ACA / Nexia network*** | | | | ***Ledouble SA*** | | | | ***Arnaud Malivoire / Premier Monde*** | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Amount (excl. VAT)* | | *%* | | *Amount (excl. VAT)* | | *%* | | *Amount (excl. VAT)* | | *%* | |
| | N | N-1 | *N* | *N-1* | N | N-1 | *N* | *N-1* | N | N-1 | *N* | *N-1* |
| **Audit** | | | | | | | | | | | | |
| **Statutory audit, certification, review of the separate and consolidated financial statements** | | | **66%** | **94%** | | | **100%** | **100%** | | | **98%** | **100%** |
| - EuropaCorp | 162 | 147 | 52% | 69% | | | | | 132 | 136 | 60% | 53% |
| - Fully consolidated subsidiaries | 44 | 56 | 14% | 26% | 0 | 2 | 100% | 100% | 83 | 120 | 38% | 47% |
| **Other services than certification** | | | **34%** | **6%** | | | | | | | **2%** | |
| - EuropaCorp | 103 | 12 | 33% | 6% | | | | | 2 | | 1% | |
| - Fully consolidated subsidiaries | 4 | | 1% | | | | | | 2 | | 1% | |
| **TOTAL** | **313** | **215** | | | **0** | **2** | | | **219** | **256** | | |

**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, i.e.: distribution to theaters, video release, TV sales, international sales, licensing and partnerships, line production, income from coproduction, etc.;
- *Production and Distribution of TV films and series*: This segment covers all operations for TV films and series carried out by subsidiaries EuropaCorp Television, fully 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, i.e. book publishing, advertising revenue, music publishing revenue, 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

| 03.31.2020 | 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 | 0 |
| Net intangible assets | 45,802 | 6,660 | 0 | 0 | 0 | 52,461 |
| Property, Plant and Equipment (net) | 5,232 | 0 | 3 | 5 | 0 | 5,239 |
| Other financial assets (net) | 7,634 | 361 | 0 | 0 | 0 | 7,995 |
| Investments in associates | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred tax assets | 15,224 | 30 | 32 | 5 | 0 | 15,292 |
| Other non-current assets (net) | 11,277 | 0 | 0 | 0 | 0 | 11,277 |
| *Total non-current assets* | *85,169* | *7,051* | *35* | *10* | *0* | *92,264* |
| Inventory | 233 | 0 | 0 | 0 | 0 | 233 |
| Net trade receivables | 26,695 | 1,051 | 213 | 16 | 0 | 27,975 |
| Other net receivables | 18,213 | 1,753 | 102 | 1,381 | 0 | 21,449 |
| Other net current assets | 393 | 0 | 1 | 0 | 0 | 395 |
| Cash and cash equivalent | 41,356 | 8,800 | 334 | 190 | 0 | 50,680 |
| *Total current assets* | *86,890* | *11,604* | *650* | *1,587* | *0* | *100,731* |
| **TOTAL ASSETS** | **172,059** | **18,655** | **685** | **1,597** | **0** | **192,995** |
| | | | | | | |
| *Equity - Group share* | ***0*** | ***0*** | ***0*** | ***0*** | *-196,136* | *-196,136* |
| *Non-controlling interests* | | | | | ***293*** | *293* |
| Provisions for pensions and other post-employment benefit | 362 | 0 | 0 | 0 | 0 | 362 |
| Deferred tax liabilities | 82 | 1,238 | 0 | 64 | 0 | 1,383 |
| Lease liability > 1 year | 12,801 | 0 | 0 | 0 | 0 | 12,801 |
| Bonds and financial liabilities > 1 year | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposits and guarantees received | 493 | 0 | 0 | 0 | 0 | 493 |
| Equity investment liabilities > 1 year | 0 | 0 | 0 | 0 | 0 | 0 |
| Other non-current liabilities | 7,453 | 80 | 0 | 2,312 | 0 | 9,845 |
| *Total non-current liabilities* | ***21,190*** | ***1,318*** | ***0*** | ***2,375*** | ***0*** | ***24,883*** |
| Bonds and financial liabilities < 1 year | 202,785 | 6 | 0 | 0 | 0 | 202,792 |
| Lease liability < 1 year | 2,458 | 0 | 0 | 0 | 0 | 2,458 |
| Provisions for risks and expenses | 1,790 | 0 | 0 | 55 | 0 | 1,845 |
| Trade payables | 45,971 | 1,901 | 139 | 3,583 | 0 | 51,594 |
| Equity investment liabilities < 1 year | 0 | 0 | 0 | 0 | 0 | 0 |
| Other financial liabilities | 92,522 | 3,487 | 57 | 98 | 0 | 96,164 |
| Other current liabilities | 9,102 | 0 | 0 | 0 | 0 | 9,102 |
| *Total current liabilities* | ***354,628*** | ***5,393*** | ***196*** | ***3,737*** | ***0*** | ***363,955*** |
| **TOTAL LIABILITIES** | **375,818** | **6,711** | **196** | **6,112** | **-195,843** | **192,995** |
| | | | | | | |
| Films and audiovisual rights investments | -205 | 0 | 0 | 0 | **0** | -205 |

| 03.31.2019 | 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 | 73,228 | 11,212 | 0 | 0 | | 84,439 |
| Property, Plant and Equipment (net) | 9,193 | 2 | 31 | 5 | | 9,230 |
| Other financial assets (net) | 7,851 | 0 | 0 | 0 | | 7,851 |
| Investments in associates | 0 | 0 | 0 | 0 | | 0 |
| Deferred tax assets | 24,595 | 30 | 47 | 12 | | 24,684 |
| Other non-current assets (net) | 0 | 0 | 0 | 0 | | 0 |
| *Total non-current assets* | *114,867* | *11,244* | *78* | *16* | | *126,205* |
| Inventory | 587 | 0 | 0 | 0 | | 587 |
| Net trade receivables | 40,594 | 2,530 | 236 | 29 | | 43,389 |
| Other net receivables | 26,904 | 980 | 157 | 1,714 | | 29,755 |
| Other net current assets | 2,974 | 0 | 2 | 0 | | 2,976 |
| Cash and cash equivalent | 21,810 | 906 | 24 | 169 | | 22,909 |
| *Total current assets* | *92,869* | *4,416* | *419* | *1,913* | | *99,617* |
| **TOTAL ASSETS** | **207,736** | **15,660** | **497** | **1,929** | | **225,822** |
| | | | | | | |
| *Equity - Group share* | | | | | *-100,026* | *-100,026* |
| *Non-controlling interests* | | | | | ***287*** | *287* |
| Provisions for pensions and other post-employment benefit | 397 | 0 | 0 | 0 | | 397 |
| Deferred tax liabilities | 0 | 1,038 | 0 | 69 | | 1,107 |
| Bonds and financial liabilities > 1 year | 0 | 0 | 0 | 0 | | 0 |
| Deposits and guarantees received | 541 | 0 | 0 | 0 | | 541 |
| Equity investment liabilities > 1 year | 0 | 0 | 0 | 0 | | 0 |
| Other non-current liabilities | -1,929 | -8,171 | 200 | 19,242 | | 9,342 |
| *Total non-current liabilities* | ***-992*** | ***-7,133*** | ***200*** | ***19,311*** | | ***11,386*** |
| Bonds and financial liabilities < 1 year | 181,898 | 318 | 0 | 0 | | 182,216 |
| Provisions for risks and expenses | 5,375 | 0 | 0 | 5 | | 5,380 |
| Trade payables | 48,543 | 370 | 43 | 4,660 | | 53,616 |
| Equity investment liabilities < 1 year | 0 | 0 | 0 | 0 | | 0 |
| Other financial liabilities | 52,220 | 2,238 | 70 | 52 | | 54,579 |
| Other current liabilities | 27,604 | 8,301 | 0 | -17,520 | | 18,385 |
| *Total current liabilities* | ***315,639*** | ***11,227*** | ***113*** | ***-12,803*** | | ***314,176*** |
| **TOTAL LIABILITIES** | **314,647** | **4,094** | **313** | **6,508** | **-99,740** | **225,822** |
| | | | | | | |
| Films and audiovisual rights investments | 12,752 | | | | | 12,752 |

## 6.3.2 Consolidated profit and loss statement by operating segment

| 03.31.2020 | Production and Distribution of films | Production and Distribution of TV films and series | Events | Other | Total |
|---|---|---|---|---|---|
| **Revenue** | **29,973** | **24,364** | **126** | **15,304** | **69,767** |
| Cost of sales | -23,188 | -19,681 | -54 | -5,400 | -48,322 |
| ***Operating margin*** | ***6,785*** | ***4,683*** | ***71*** | ***9,904*** | ***21,444*** |
| General and administrative expenses | 14,051 | -391 | -34 | -29,846 | -16,219 |
| Other operating income and expenses | -64,334 | 0 | 0 | 0 | -64,334 |
| ***Operating profit (loss)*** | ***-43,498*** | ***4,293*** | ***38*** | ***-19,941*** | ***-59,109*** |
| ***Financial income*** | ***-26,580*** | ***0*** | ***0*** | ***0*** | ***-26,580*** |
| Income tax | -5,242 | -2 | 14 | -3,305 | -8,535 |
| Share in results of associates consolidated using the equity method | 0 | 0 | 0 | -827.166 | -827 |
| Share of non-controlling interests | 0 | 0 | -2 | 0 | -2 |
| ***Net income - Group share*** | ***-75,319*** | ***4,291*** | ***53*** | ***-24,074*** | ***-95,049*** |

| 03.31.2019 | Production and Distribution of films | Production and Distribution of TV films and series | Events | Other | Total |
|---|---|---|---|---|---|
| **Revenue** | **110,188** | **24,364** | **126** | **15,304** | **149,982** |
| Cost of sales | -96,488 | -19,681 | -54 | -5,400 | -121,623 |
| ***Operating margin*** | ***13,700*** | ***4,683*** | ***71*** | ***9,904*** | ***28,359*** |
| General and administrative expenses | 474 | -391 | -34 | -29,846 | -29,797 |
| Other operating income and expenses | -77,548 | 0 | 0 | 0 | -77,548 |
| ***Operating profit (loss)*** | ***-63,375*** | ***4,293*** | ***38*** | ***-19,941*** | ***-78,986*** |
| ***Financial income*** | ***-28,876*** | ***0*** | ***0*** | ***0*** | ***-28,876*** |
| Income tax | 2,103 | -2 | 14 | -3,305 | -1,190 |
| Share in results of associates consolidated using the equity method | 0 | 0 | 0 | -821 | -821 |
| Share of non-controlling interests | -4 | 90 | -51 | 0 | 36 |
| ***Net income - Group share*** | ***-90,143*** | ***4,201*** | ***102*** | ***-24,068*** | ***-109,908*** |

The following table shows the distribution percentages by country for international sales of EuropaCorp Group films and series for the 2016/2017, 2017/2018, 2018/2019 and 2019/2020 financial years.

| **Country** | **FY 2016/2017** | **FY 2017/2018** | **FY 2018/2019** | **FY 2019/2020** |
|---|---|---|---|---|
| North America | 35.94% | 12.05% | 72.11% | 60.75% |
| Western Europe | 35.64% | 40.24% | 13.30% | 16.53% |
| *Spain and Italy* | 3.67% | 6.69% | 1.87% | 2.89% |
| *Germany* | 15.89% | 13.50% | 2.11% | 1.13% |
| *Switzerland, Belgium* | 5.74% | 3.98% | 4.78% | 5.28% |
| *United Kingdom* | 8.43% | 12.51% | 0.01% | 1.54% |
| Central and Eastern Europe | 4.53% | 8.73% | 2.59% | 6.57% |
| Asia | 9.37% | 19.75% | 7.20% | 6.27% |
| Rest of the world | 14.52% | 19.22% | 4.80% | 9.89% |
| **Total** | **100.00%** | **100.00%** | **100.00%** | **100.00%** |

## APPENDIX 2 – ANNUAL FINANCIAL STATEMENTS AT MARCH 31, 2020

*BALANCE SHEET - ASSETS*

| *Items* | *Gross amount* | *Depreciation provisions* | ***March 31, 2020*** | ***March 31, 2019*** |
|---|---|---|---|---|
| ***INTANGIBLE ASSETS*** | | | | |
| Intangible assets | 1,290,375,226 | 1,260,110,982 | 30,264,244 | 45,406,610 |
| Other intangible assets | 739,392 | 737,778 | 1,614 | 7,814 |
| Intangible assets in progress | 15,764,747 | 14,831,622 | 933,125 | 858,223 |
| ***PROPERTY, PLANT AND EQUIPMENT*** | | | | |
| Plant, machinery and equipment | 158,582 | 158,582 | | |
| Other property, plant and equipment | 4,620,984 | 4,529,163 | 91,821 | 1,556,745 |
| ***FINANCIAL ASSETS*** | | | | |
| Equity interests<br>Loans | 167,588,847<br>610,000 | 129,250,488 | 38,338,360<br>610,000 | 38,106,437<br>610,000 |
| Other financial assets | 6,037,698 | 52,486 | 5,985,212 | 5,824,578 |
| **NON-CURRENT ASSETS** | **1,485,895,476** | **1,409,671,100** | **76,224,375** | **92,370,407** |
| ***INVENTORY AND WORK IN PROGRESS*** | | | | |
| Work in progress - goods | | | | |
| Goods | 100,615 | 100,615 | | |
| Advances and down-payments to suppliers | | | | |
| ***RECEIVABLES*** | | | | |
| Trade receivables | 41,903,604 | 4,668,725 | 37,234,879 | 31,759,204 |
| Other receivables | 235,313,329 | 197,415,878 | 37,897,451 | 180,976,775 |
| ***MISCELLANEOUS*** | | | | |
| Marketable securities | 678,105 | | 678,105 | 680,251 |
| Cash and cash equivalents | 22,380,008 | | 22,380,008 | 9,941,596 |
| ***ACCRUALS*** | | | | |
| Prepaid expenses | 176,303 | | 176,303 | 455,671 |
| **CURRENT ASSETS** | **300,551,964** | **202,185,218** | **98,366,746** | **223,813,496** |
| Currency translation assets | 9,605,340 | | 9,605,340 | 6,355,822 |
| **OVERALL TOTAL** | **1,772,920,078** | **1,611,856,318** | **184,196,461** | **322,539,725** |

*STATEMENT OF FINANCIAL POSITION – LIABILITIES*

| *Items* | | ***March 31, 2020*** | ***March 31, 2019*** |
|---|---|---|---|
| Share capital (of which paid up: 13,932,353) | | 13,932,353 | 13,932,353 |
| Additional paid-in capital | | 106,970,772 | 106,970,772 |
| Legal reserve | | 1,004,665 | 1,004,665 |
| Regulated reserves (including forex reserve) | | 180,545 | 180,545 |
| Retained earnings/losses | | (188,828,938) | (124,329,717) |
| ***NET INCOME FOR THE PERIOD (profit or loss)*** | | **(209,056,560)** | **(64,499,221)** |
| Investment subsidies | | 360,420 | 4,000,000 |
| Regulated provisions | | 23,936,505 | 25,586,745 |
| | **EQUITY** | **(251,500,238)** | **(37,153,858)** |
| | | | |
| | **OTHER EQUITY** | | |
| Provisions for risks | | 11,663,052 | 8,727,251 |
| Provisions for expenses | | 6,994,029 | 2,255,009 |
| | **PROVISIONS** | **18,657,081** | **10,982,259** |
| ***DEBT*** | | | |
| Loans and liabilities from financial institutions | | 1,847,772 | 639,953 |
| Miscellaneous borrowings and financial liabilities (including participating loans) | | 81,427,622 | 80,660,209 |
| | | | |
| ***OPERATING LIABILITIES*** | | | |
| Trade and other accounts payable | | 40,231,431 | 35,108,836 |
| Taxes and social security contributions payable | | 7,047,361 | 5,316,173 |
| ***MISCELLANEOUS LIABILITIES*** | | | |
| Other financial liabilities | | 277,696,952 | 220,494,606 |
| ***ACCRUALS*** | | | |
| Deferred income | | 3,077,137 | 4,142,984 |
| | **DEBT** | **411,328,275** | **346,362,761** |
| Currency translation liabilities | | 5,711,343 | 2,348,562 |
| | **OVERALL TOTAL** | **184,196,461** | **322,539,725** |

*Profit (loss) for the financial year in cents* *-209,056,559.51*
*Total balance sheet in cents* *184,196,461.00*

*PROFIT AND LOSS STATEMENT (LIST)*

| *Items* | *France* | *Export* | ***March 31, 2020*** | ***March 31, 2019*** |
|---|---|---|---|---|
| Sales of goods | 7,788 | 66,490 | 74,279 | 111,559 |
| Production sold (goods) | 63 | | 63 | 1,339 |
| Production sold (services) | 29,883,314 | 19,320,673 | 49,203,987 | 97,609,116 |
| **NET REVENUE** | **29,891,166** | **19,387,163** | **49,278,329** | **97,722,014** |
| Stored production | | | | (4,663,674) |
| Capitalized production | | | (176,991) | 10,163,953 |
| Reversals of provisions (and amortization) and transfers of expenses | | | 86,866,207 | 82,688,175 |
| Other income | | | 424,664 | 2,867,810 |
| **TOTAL OPERATING REVENUE** | | | **136,392,209** | **188,778,278** |
| Purchases of merchandise (including customs duties) | | | | |
| Other purchases and external charges | | | 24,894,732 | 29,746,472 |
| Tax, duties and related payments | | | 874,160 | 1,743,320 |
| Wages and salaries | | | 2,106,666 | 5,490,296 |
| Social security contributions | | | 928,061 | 2,265,273 |
| ***OPERATING PROVISIONS*** | | | | |
| For tangible and intangible assets: amortization | | | 52,594,716 | 57,284,171 |
| For tangible and intangible assets: depreciation | | | 44,766,145 | 83,779,377 |
| For current assets: depreciation | | | 4,875,704 | 2,182,688 |
| Provisions | | | 403,264 | 610,155 |
| Other expenses | | | 9,211,244 | 14,628,683 |
| **OPERATING EXPENSES** | | | **140,654,691** | **197,730,434** |
| **OPERATING INCOME** | | | **(4,262,483)** | **(8,952,156)** |
| ***JOINT OPERATIONS*** | | | | |
| Loss incurred or profit transferred | | | 5,112 | 5,118 |
| ***FINANCIAL INCOME*** | | | | |
| Income on other securities and receivables from non-current assets | | | 2,858,683 | 3,198,130 |
| Other interest and related income | | | 24,224 | (2,140) |
| Reversals of provisions and transfers of expenses | | | 7,595,163 | 31,396,112 |
| Foreign exchange gains | | | 419,328 | 13,525,286 |
| Net income on marketable securities | | | | |
| **FINANCIAL INCOME** | | | **10,897,398** | **48,117,388** |
| Financial allocations to impairment, amortization and provisions | | | 154,121,196 | 80,579,830 |
| Interest and similar expenses | | | 19,571,491 | 18,954,874 |
| Foreign exchange losses | | | 200,413 | 17,862,801 |
| **FINANCIAL EXPENSES** | | | **173,893,099** | **117,397,504** |
| **FINANCIAL INCOME** | | | **(162,995,701)** | **(69,280,116)** |
| **INCOME FROM RECURRING OPERATIONS BEFORE TAXES** | | | **(167,263,296)** | **(78,237,391)** |

**PROFIT AND LOSS STATEMENT (continued)**

| *Items* | *March 31, 2020* | *March 31, 2019* |
|---|---|---|
| Non-recurring income from management transactions | 29,833 | 159,977 |
| Non-recurring income from capital transactions | 4,045,743 | 18,359,887 |
| Reversals of provisions and transfers of expenses | 5,060,010 | 12,201,109 |
| **NON-RECURRING INCOME** | **9,135,586** | **30,720,973** |
| Non-recurring expenses on management transactions | 41,087,984 | 2,742,624 |
| Non-recurring expenses on capital transactions | 81,336 | 17,471,145 |
| Extraordinary allocations to impairment, amortization and provisions | 10,219,545 | 2,414,752 |
| **NON-RECURRING EXPENSES** | **51,388,865** | **22,628,521** |
| **NON-RECURRING INCOME** | **42,253,278** | **8,092,451** |
| Statutory employee profit sharing | | |
| Income tax | (460,015) | (5,645,719) |
| **TOTAL INCOME** | **156,425,193** | **267,616,639** |
| **TOTAL EXPENSES** | **365,481,753** | **332,115,860** |
| **PROFIT OR LOSS** | **(209,056,560)** | **(64,499,221)** |

## *ACCOUNTING PRINCIPLES AND METHODS*

### 1. Valuation principles and methods

The annual financial statements for the financial year ended March 31, 2020 have been prepared and presented in accordance with the accounting standards and principles established in the Professional Guide to Accounting Standards for film production and distribution companies. The accounting rules have been applied in accordance with the provisions of the French Commercial Code and ANC Regulation no. 2016-07 of November 4, 2016, modifying Regulation no. 2013-03 of June 5, 2014.

These general accounting rules have been applied in compliance with the prudence principle, in accordance with the following basic assumptions:
- Continuity of operations;
- Independence of financial years;
- Continued use of the same accounting methods from one financial year to the next.

**Uncertainties impacting continuity as a going concern**

Management must assess the entity's ability to continue as a going concern and, in the presence of material uncertainties related to events or conditions likely to cast significant doubt on the Company'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 timeframe, from the end of the reporting period, i.e. until March 31, 2021.

Despite the implementation of internal reorganization measures and the refocusing of strategy on its core business activities, particularly through the disposal of non-strategic businesses, the EuropaCorp Group was not able to meet the repayment obligations of the senior and secondary credit lines due on October 21, 2019 and April 21, 2020 respectively.

In May 2018, discussions were initiated with all Group creditors to negotiate alternative terms for settling its debts or contributing new capital. In addition, the Company appointed an investment bank to facilitate a refinancing of the Group, which resulted in the receipt of non-binding offers from potential investors. In view of this situation and of the uncertain outcome of the various negotiations, the Company and nine of its subsidiaries petitioned the Commercial Court of Bobigny to open safeguard proceedings. On May 13, 2019, the Court issued a favorable ruling on this matter for an initial 6-month period. The safeguard proceedings were extended once for an additional 6-month period before the state of sanitary emergency pushed back the deadlines for implementing the end of the proceedings.

As a whole, these factors represent significant uncertainty as to the Group's continuity as a going concern. The Board of Directors nevertheless approved its consolidated financial statements as of March 31, 2020 while maintaining the going concern principle due to its confidence in the positive outcome of the ongoing discussions with creditors. These discussions aim to arrive at a solution prior to the end of the second half of 2020 and/or, if applicable, at an amicable or legal agreement to extend debt repayments. In particular, the draft safeguard plan for EuropaCorp SA was unanimously approved by the creditors' committees and the Combined General Meeting of EuropaCorp shareholders on April 28, 2020 approved the planned capital increase of around €193 million reserved for the Vine and Falcon funds.

**2. Comparability of the annual financial statements**

The measurement and presentation methods used to prepare the financial statements for the financial year are identical to those used the previous year.

**3. Production costs and amortization methods of films**

3.1 Licenses, patents and similar rights

This item includes all the expenses required for film-making and to acquire the corresponding exploitation rights.
Films are included in capitalized production only for the Company's share of funding. Financial investments are deducted from the cost price of the capitalized production.
The gross value of films reported in the Statement of financial position corresponds to the value of the acquisition of tangible and intangible rights if EuropaCorp did not take part in production. The capitalized cost of a film includes all of the direct costs and interest expenses incurred during the production period until the end of filming, as well as a portion of overheads directly attributable to the production. More in particular, payroll costs included in investment costs apply to staff directly involved in the production process.

3.2 Production costs

Production costs comprise all direct and financing costs incurred to produce a film up to the end of shooting, as well as a portion of overheads directly attributable to production.
Financing costs of €51,866 were recorded under assets for the financial year. They are reported separately and reviewed project by project at each period closing.
A depreciation provision may be recorded for ongoing productions at the end of the financial year, if the initial budget is exceeded by a significant amount or when the estimate made by operational managers for future receipts is lower than the net investment at the financial year end.
A provision is also created for films exploited between the closing date of the accounts and their approval, if the estimated value of future income is lower than the amount invested.

3.3 Preliminary expenses

Preliminary expenses are essentially the fees paid to acquire existing film exploitation rights (option agreements) and adaptation costs in view of securing a script that the Group intends to produce in the mid-term. They are reported separately and reviewed project by project at each period closing. Depreciation is then provisioned in case of uncertainty on whether the projects will go ahead.
Moreover, preliminary expenses 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 engagements 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.

3.4 Production expenses, subsidies and other funds granted by the National Center for Cinema and Animation (CNC) and European bodies

Expenses incurred during the financial year to make films are reported in the respective items based on the type of operating expenses.
The capitalized cost is recognized under "Capitalized production" in Operating income.

Subsidies invested in film production are accounted for in the statement of financial position under "Investment subsidies" when the CNC authorizes the payment.
As of March 31, a CNC grant was awarded for the following film:

- €360 thousand for the film *A Mermaid in Paris*

The CNC production approval generates the transfer of the subsidy into the annual results.

3.5 Film amortization methods

Capitalized cost of films is amortized in accordance with the following principles:

- Economic depreciation is applied to each film using the estimated receipts method, i.e. by applying to the cost of the film the ratio resulting from the comparison of actual net receipts and total forecast net receipts of the film's first life cycle;
- The Senior Management periodically reviews and adjusts the forecast for expected net receipts, if required, taking into account the performance of film exploitation, of new or expected agreements and the evolution of the audiovisual market at the closing date of the accounts. Forecast net receipts are estimated over a maximum period of 12 years;
- If net amortization of the investment as calculated with this method is higher than the forecast net receipts, additional exceptional depreciation is recorded to cover the shortcoming.

If applicable, exceptional depreciation is applied if the charge, calculated pursuant to Tax Directive 4D-2-97 of April 23, 1997, is higher than the economic depreciation described above. Otherwise, if the charge calculated in accordance with tax principles is less than the economic depreciation, the surplus depreciation is recognized as a provision for asset impairment and not in a depreciation account.

These impairment provisions are not tax-deductible.

For the financial year ended March 31, 2020, the provision for impairment of intangible assets showed:

- a net reversal of €36,983,738, corresponding to the impairment of films;
- a net reversal of €63,012 for preliminary expenses.

The total impact on the net income for the financial year is €37,046,750.

**4. Property, plant and equipment**

Property, plant and equipment are recognized at their acquisition cost. They are depreciated over their estimated life of use.

Assets are amortized based on their likely life and conditions of use. The Company uses the straight-line method and the rates applied are as follows:

| Items | Period | Rate |
|---|---|---|
| Machinery and equipment | 5 - 10 years | 10 to 20% |
| Vehicles | 4 - 5 years | 20 to 25% |
| Furniture | 3 - 10 years | 33.33 to 10% |
| Office equipment | 3 - 10 years | 33.33 to 10% |
| Fixtures and fittings | 10 years | 10% |
| IT equipment | 3 years | 33.33% |

Provisions are created based on the depreciation of assets or the likelihood of risks or expenses included in liabilities.

**5. Financial assets and related receivables**

Financial investments are recognized at their acquisition cost. If the value in use of the investment and related receivables is lower than the acquisition cost, an impairment provision is recorded. Value in use is determined, in particular, based on the portion of the net assets held. The value in use of the securities is appreciated on the basis of different methods, amongst which the share of net asset held, the future prospects or the future cash flows estimated by the Management for 5 years maximum.

The treasury shares held by the Group on March 31, 2020 stood at €86,520 (65,651 shares) against €87,182 (49,673 shares) on March 31, 2019.

**6. Inventory**

The Company's inventory is recognized at the acquisition price of the elements comprising the inventory. As of March 31, 2020, the Company's inventories comprised fully depreciated goodies totaling €100,615.

**7. Receivables and depreciation provisions**

Receivables are valued at their nominal value. Where necessary, they have been depreciated to take into account any difficulties with recovery they might be subject to.
A depreciation provision is established for receivables under dispute or unusual late payments. The provision percentage is determined case by case.
Moreover, a provision for the depreciation of miscellaneous receivables is established based on the estimated risk of default.

**8. Foreign currency transactions**

Expense and income in foreign currencies are recorded at their exchange value in euros at the date of the transaction. Foreign-currency receivables and payables outstanding at the reporting date are translated at the rates prevailing at that date. The translation adjustments are recorded in the statement of financial position under "currency translation differences". In accordance with the accounting recommendations, the currency translation assets only lead to a provision in the absence of hedging. At the individual level, the Company benefits from a contractual currency hedge based on forward contracts completed by a natural currency hedge thanks to the international minimum guarantees (linked to the sale of the distribution rights on different territories) paid in foreign currencies.

**9. Marketable securities**

Marketable securities are measured at their acquisition cost. If their book value is lower than the acquisition cost, a provision is created.

**10. Provisions for risks and expenses**

The provisions for risks and expenses are made to meet current obligations to third parties arising from past events if it is likely that said obligations will cause an outflow of resources to third parties without a return for the Company and if the outflow of resources can be reliably measured. These provisions are calculated based on the appraisal of the risks existing at the reporting date. The amounts include an element of uncertainty and may be adjusted in subsequent periods.

The provisions for risks and expenses relate primarily to the following:

- A provision relating to a dispute between the Company and a third-party co-producer for a total amount of €1.3 million was recognized as of March 31, 2017. The Company won in the lower court; the opposing side did not appeal within the time frame and the provision was reversed;
- A provision for an URSSAF deficiency notice of €0.3 million;
- A provision for a payment of €5.6 million to be made as a result of renegotiating its lease;
- A provision relating to a dispute between the Company and a third-party author for a total amount of €0.5 million was recognized as of March 31, 2020.

As of March 31, 2020, the provisions for risks and expenses also included €2.1 million of provisions related to the subsidiaries' net positions.

**11. Revenue recognition**

11.1 Accrual of production receipts

Receipts coming from the sale of the broadcasting rights to pay or free TV channels are recognized as revenue when the TV channel officially accepts the material, whenever may be the beginning of the broadcasting rights.

As part of "multi-rights" sales agreements allowing the exploitation of a film across a whole territory through multiple distribution channels, including in theaters, in video, on TV and on VOD in some cases, the corresponding revenues are recognized as such when the physical delivery is completed to the local distributor, and when the exploitation rights are opened to the local distributor.

When a deal with a foreign distributor plans different deliveries, and when a clearly defined income is related to each delivery (minimum guarantee, most of the time), each income is recognized as revenue on the completion and the acceptance of the related delivery by the foreign distributor.

Any amount receivable in excess of the minimum guarantee is posted under revenue only when finally acquired, i.e. when the amount has been confirmed in writing by the local distributor.
Any contract executed before delivery gives rise to the recognition of "Deferred income" under liabilities if revenue has been billed, or under "Off-balance sheet commitments" (if no invoice has been issued), until the delivery is completed.

11.2 Accrual of revenue from line production

Commissions received by EuropaCorp for its services as line producer are recognized under income based on the progress of each production at the closing date. Until these conditions have been met, revenue is recognized in deferred income, under the "Other liabilities" item.

**12. Income tax**

12.1 Tax consolidation

Since April 1, 2007, the Company has opted to apply tax consolidation to its subsidiaries:
- EuropaCorp Home Entertainment;
- EuropaCorp Distribution;
- Intervista;
- Dog Productions;
- EuropaCorp TV;
- EuropaCorp Music Publishing;
- Ydéo;
- Roissy Films;
- EuropaCorp Aéroville;
- Blue Advertainment (parent company of Blue Event and Digital Factory, de facto integrated as well);
- EuropaCorp Television;
- Cipango Music;
- Valerian Holding;
- Valerian SAS;
- T5 Production;
- Orchestra.

As a contribution to the payment of the Group's income tax and irrespective of the actual amount of said tax, the subsidiaries will pay EuropaCorp an amount equal to the tax imposable on their net profit and/or long-term capital gain for the financial year if they had been taxed individually, after deduction, by consequence, of all the tax credits they would have been entitled to if not consolidated.

In case of a tax loss recorded for the financial year, the subsidiaries cannot claim any credit from EuropaCorp, even if they would have been entitled to a tax credit from the Government by choosing the carry-back option for the overall loss. The tax savings, coming from the Group's tax regime and equal to the difference between the sum of all the tax amounts payed by each subsidiary to the group and the tax amount actually paid by the group to the Treasury, should remain the Group's property. These savings total €410 thousand for the financial year ended March 31, 2020.

12.2 Cinema tax credit

The tax credit mechanism is eligible for the production companies which have to pay corporate taxes and which produce fictional, documentary and animation full-length feature films which (i) are mainly French-speaking films, (ii) obtained both the investment and the production CNC agreements, (iii) are mainly created on French soil and (iv) contribute to the development and the diversity of the French and European cinema creations. An agreement process by the CNC must be initiated to benefit from the tax credit.

The tax credit is 30% of the eligible expenses and cannot be more than 80% of the film budget. At March 31, 2020, EuropaCorp recognized no cinema tax credit for the financial year.

## 13. Other information

EuropaCorp's financial statements are consolidated using the full consolidation method in the consolidated statements prepared by Front Line.

A Group profit-sharing agreement (with Front Line SAS as parent company) has been in place since 2004. No provision for the special profit-sharing reserve was recognized over the financial year.

**14. Default clause or "Covenant"**

The Group's cash requirements are guaranteed by operating cash flows, as well as authorized overdrafts, factoring of sales receivables, and specialized production credits.
When carrying out its everyday business, the Group is exposed to interest rate, liquidity, foreign exchange and credit risks that may impact its net position.

## *SIGNIFICANT EVENTS*

### 1. *Significant events during the financial year:*

#### 1.1 *Trade receivables*

As previously mentioned, at March 31, 2014, the Group recognized annual revenue of €30.9 million ($42.7 million) resulting from the buy-out agreement signed with Fox in March 2014. At March 31, 2020, the balance of the receivable related to this agreement was reduced to $7.1 million (€6.4 million), following payments of $3.6 million (€3.2 million) received during the financial year. The remaining balance will be paid in installments as statements are received and, in any event, will be settled in full no later than March 31, 2024. Note also that this receivable was discounted at the closing date based on a four-year recovery assumption, taking into account the improved cash flow on other films with this distributor and by applying a discount rate of 2.1%.
No additional revenue was recognized under this agreement during the period. Foreign exchange gains and losses linked to movements in the dollar have been recognized in operating income, in accordance with ANC Regulation no. 2015-05 of July 2, 2015.

#### 1.2 *Safeguard proceedings initiated*

On May 13, 2019, the Commercial Court of Bobigny opened safeguard proceedings for EuropaCorp SA and nine of its subsidiaries for an initial period of six months which was extended once. The Board of Directors and Senior Management of EuropaCorp believe that the safeguard proceedings will make it possible to negotiate the terms and conditions for an improvement in the Company's financial position through a restructuring of its debt and capital, while maintaining normal business operations. On October 29, 2019, as part of the safeguard procedure, the Company obtained an extension of its observation period until May 13, 2020, from the Commercial Court of Bobigny.
The safeguard proceedings concern all of the Company's liabilities rather than just its financial liabilities. EuropaCorp's entry into safeguard proceedings was arranged with the senior and junior lenders who gave their consent to the implementation of such a procedure by granting a waiver to EuropaCorp.

The draft safeguard plan presented by EuropaCorp was unanimously approved by the creditors' committee on February 28, 2020. The Board of Directors of EuropaCorp has approved the draft safeguard plan. The draft safeguard plan notably provides for the equitization of all of the receivables held by Vine funds ultimately managed or advised by Vine Alternative Investments Group, LLC (Vine) and Falcon Strategic Partners IV, LP (Falcon) against EuropaCorp SA. They would as a result hold respectively 60.15% and 6.29% of the share capital of EuropaCorp while the current shareholders would still represent 33.56% of the share capital of the Company. Vine would enter into a shareholders agreement with Luc Besson (including his holding company, Front Line), qualifying as a concerted action taking effect as from the completion of the equitization of the claims.

### 1.3 *Participation agreement signed with the company Vine Investment*

Following the signature of a participation agreement with the company Vine Investment Advisors, EuropaCorp completed a $55,000,000 capital increase of EuropaCorp USA during the financial year ended March 31, 2015. The corresponding amount was posted to the statement of financial position under "Other liabilities". The clearance of this debt continued until EuropaCorp Films USA began the safeguard procedure on October 17, 2019, based on 15% of payments by US customers taken from the Willmington bank account, the account balance at March 31, 2020 was €38,294,272 ($41,955,205). Added to this sum was an off-balance sheet commitment of $45 million (€41.3 million) corresponding to the amount of the profit-sharing agreement not paid in cash to Vine and Falcon.

As part of the safeguard procedure EuropaCorp has had numerous discussions with its creditors. In the specific case of Vine and Falcon, an agreement letter was exchanged with EuropaCorp on October 3, 2019. This conditional agreement letter sets out the key components of an agreement in principle to apply, in particular, when valuing equity interests and their capitalization.

On the basis of these discussions in particular, a formal proposal was made in the form of the official presentation by EuropaCorp of its draft safeguard plan to all its creditors including Vine and Falcon.

This presentation was made on February 12, 2020 by sending the proposed plan to EuropaCorp's creditors ahead of a vote by the creditors scheduled for February 28, 2020. In particular this plan contains a provision for the cessation of the direct distribution of EuropaCorp films in the United States and, as such, subject to approval by Vine and Falcon, underlines the fact that the balance of the profit-sharing agreement is due.

The Vine and Falcon agreement took effect with a vote in favor of the adoption of the plan on February 28, 2020.

As of this date, the criteria for recognizing a liability are therefore met and this commitment must be recognized as an off-balance sheet commitment.

As such, this off-balance sheet commitment has been recognized as a EuropaCorp SA debt to Vine and Falcon through an operational expense of $45 million (€41 million) in respect of the financial statements for the financial year ended March 31, 2020.

Under the current safeguard plan, the balance of the debt from the profit-sharing agreement recognized in the financial statements ($87 million) is to be used to equitize a capital increase reserved for Vine and Falcon in cash.

### 1.4 *COVID-19 Epidemic*

The COVID-19 had no impact on the financial statements for the financial year ended March 31, 2020. The impacts after March 31, 2020 are described under Subsequent events.

### 1.5 *Main films*

The films released this year were:

- *Nous finirons ensemble (Little White Lies 2)* (May 2019)
- *Anna* (July 2019)

*TANGIBLE AND INTANGIBLE ASSETS*

| *Items* | | *Start of period* | *Revaluation* | *Acquisitions, contributions* |
|---|---|---|---|---|
| **INTANGIBLE ASSETS** | | **1,306,805,516** | | **481,073** |
| *Components* | | | | |
| Plant, machinery and equipment | | 158,582 | | |
| General plant, fixtures and fittings Vehicles | | 3,956,060 | | |
| Office and IT equipment, furniture | | 98,392 | | |
| | | 566,283 | | |
| **PROPERTY, PLANT AND EQUIPMENT** | | **4,779,566** | | |
| Other investments | | 167,588,847 | | |
| Loans and other financial assets | | 6,481,017 | | 167,342 |
| **FINANCIAL ASSETS** | | **174,069,864** | | **167,342** |
| **OVERALL TOTAL** | | **1,485,654,946** | | **648,415** |

| *Items* | *Transfer* | *Disposal* | *End of period* | *Initial value* |
|---|---|---|---|---|
| **INTANGIBLE ASSETS** | **3,000** | **404,223** | **1,306,879,365** | |
| Plant, machinery and equipment | | | 158,582 | |
| General plant, fixtures and fittings | | | 3,956,060 | |
| Vehicles | | | 98,392 | |
| Office and IT equipment, furniture | | | 566,533 | |
| **PROPERTY, PLANT AND EQUIPMENT** | | | **4,779,566** | |
| Other investments | | | 167,588,847 | |
| Loans and other financial assets | | 662 | 6,647,698 | |
| **FINANCIAL ASSETS** | | **662** | **174,236,545** | |
| **OVERALL TOTAL** | **3,000** | **404,885** | **1,485,895,476** | |

*AMORTIZATION*

| *Items* | *Start of period* | *Charges* | *Reversals* | *End of period* |
|---|---|---|---|---|
| INTANGIBLE ASSETS | **1,163,888,352** | **52,194,263** | | **1,216,082,615** |
| Plant, machinery and equipment | 158,582 | | | 158,582 |
| General plant, fixtures and fittings | 2,508,977 | 1,447,082 | | 3,956,060 |
| Vehicles | 87,801 | 2,958 | | 90,759 |
| Office and IT equipment, furniture | 467,460 | 14,883 | | 482,344 |
| **PROPERTY, PLANT AND EQUIPMENT** | **3,222,821** | **1,464,924** | | **4,687,745** |
| **OVERALL TOTAL** | **1,167,111,173** | **53,659,187** | | **1,220,770,360** |

| ***BREAKDOWN OF MOVEMENTS OF SPECIAL AMORTIZATION PROVISION*** | | | | | | | |
|---|---|---|---|---|---|---|---|
| *Items* | *Charges* | | | *Reversals* | | | *Net amortization change at period end* |
| | *Differential for duration* | *Declining-balance method* | *Exceptional tax amortization* | *Differential for duration* | *Declining-balance method* | *Exceptional tax amortization* | |
| Other intangible assets *Construct.* | | | **2,529,872** | | | **4,180,113** | **(1,650,241)** |
| **TANGIBLE** | | | | | | | |
| **TOTAL** | | | **2,529,872** | | | **4,180,113** | **(1,650,241)** |

| *Accrued expenses* | *Start of period* | *Increases* | *Charges* | *End of period* |
|---|---|---|---|---|
| | | | | |

*PROVISIONS AND DEPRECIATION*

| *Items* | *Start of period* | *Charges* | *Reversals* | *End of period* |
|---|---|---|---|---|
| Exceptional amortization | 25,586,745 | 2,529,872 | 4,180,113 | 23,936,505 |
| **REGULATED PROVISIONS** | **25,586,745** | **2,529,872** | **4,180,113** | **23,936,505** |
| Provisions for litigation | 935,009 | 6,258,790 | 199,769 | 6,994,029 |
| Provisions for foreign exchange losses | 6,355,822 | 9,605,340 | 6,355,822 | 9,605,340 |
| Other provisions for risks and expenses | 3,691,429 | 366,412 | 2,000,129 | 2,057,712 |
| **PROVISIONS FOR RISKS AND EXPENSES** | **10,982,259** | **16,230,541** | **8,555,719** | **18,657,081** |
| Depreciation of intangible assets | 96,644,517 | 44,766,145 | 81,812,895 | 59,597,767 |
| Depreciation of equity holdings | 129,482,411 | | 231,923 | 129,250,488 |
| Depreciation of other financial assets | 46,439 | 52,486 | 46,439 | 52,486 |
| Depreciation of inventory and work in progress | 100,615 | | | 100,615 |
| Depreciation customer accounts | 2,874,821 | 4,875,704 | 3,081,801 | 4,668,725 |
| Other depreciation | 54,120,379 | 144,866,634 | 1,571,135 | 197,415,878 |
| **DEPRECIATION** | **283,269,181** | **194,560,969** | **86,744,192** | **391,085,958** |
| **OVERALL TOTAL** | **319,838,185** | **213,321,382** | **99,480,024** | **433,679,544** |
| Charges and reversals of operating provision | | 50,045,113 | 86,824,851 | |
| Charges and reversals of financial provision | | 154,121,196 | 7,595,163 | |
| Extraordinary allocations | | 9,155,073 | 5,060,010 | |

*PAYABLES AND RECEIVABLES*

| *RECEIVABLES* | *Gross amount* | *≤ 1 year* | *> 1 year* |
|---|---|---|---|
| Loans | 610,000 | 610,000 | |
| Other financial assets | 6,037,698 | 86,520 | 5,951,177 |
| Doubtful or disputed trade receivables | 5,828,923 | 5,828,923 | |
| Other trade receivables | 36,074,681 | 29,597,861 | 6,476,820 |
| Staff | | | |
| Social Security and other welfare institutions | 3,643 | 3,643 | |
| National Government, other authorities: income tax | 158,823 | 158,823 | |
| National Government, other authorities: value-added tax | 4,231,258 | 4,231,258 | |
| National Government, other authorities: miscellaneous receivables | 116,269 | 116,269 | |
| Group and associates | 224,892,158 | 224,892,158 | |
| Miscellaneous receivables | 5,911,178 | 5,911,178 | |
| Prepaid expenses | 176,303 | 176,303 | |
| **OVERALL TOTAL** | **284,040,934** | **250,339,808** | **12,427,997** |
| Loans granted during the period | | | |

| *PAYABLES* | *Gross amount* | *≤ 1 year* | *> 1 - 5 years* | *> 5 years* |
|---|---|---|---|---|
| Borrowings originally ≤ 1 year | 1,847,772 | 1,847,772 | | |
| Miscellaneous borrowings | 492,826 | | 492,826 | |
| Trade payables | 40,231,431 | 40,231,431 | | |
| Staff | 342,710 | 342,710 | | |
| Social Security and other welfare institutions | 760,393 | 760,393 | | |
| National Government: value-added tax | 4,085,153 | 4,085,153 | | |
| National Government: other taxes and duties | 1,859,105 | 1,859,105 | | |
| Group and associates | 80,934,796 | 80,934,796 | | |
| Other financial liabilities | 277,696,952 | 277,696,952 | | |
| Deferred income | 3,077,137 | 3,077,137 | | |
| **OVERALL TOTAL** | **411,328,275** | **410,835,449** | **492,826** | |
| Loans taken out during the period | | | | |
| Loans repaid during the period | | | | |

*ACCRUED EXPENSES*

| | At March 31, 2020 |
|---|---:|
| **Accrued expenses** | **€32,552,312.62** |
| Trade payables | €28,075,356.57 |
| Taxes and social security contributions payable | €2,584,530.00 |
| Interest on overdrafts | €1,422,814.35 |
| Other financial liabilities | €469,611.70 |
| **Total accrued expenses** | **€32,552,312.62** |

*BREAKDOWN OF PREPAID EXPENSES AND DEFERRED INCOME*

| | At March 31, 2020 |
|---|---:|
| **PREPAID EXPENSES** | 176,303 |
| 48600000 CCA FRAIS SOCIETE ("Prepaid Expenses Company") | 126,777 |
| 4866xxx CCA FILMS ("Prepaid Expenses Company") | 49,526 |
| **DEFERRED INCOME** | (3,077,137) |
| 487xxxxx PCA FRAIS SOCIETE ("Deferred Income Company") | - |
| 487xxxxx PCA FILMS ("Deferred Income Company") | (3,077,137) |
| **TOTAL OF PREPAID EXPENSES AND DEFERRED INCOME** | (2,900,834) |

*DEFERRED INCOME*

| | At March 31, 2020 |
|---|---:|
| **Deferred income** | **€14,400,631.53** |
| **Trade receivables** | €10,506,290.79 |
| **Other receivables** | €3,894,077.25 |
| **Banks, financial institutions** | €263.49 |
| **Total accrued income** | **€14,400,631.53** |

*PROVISIONS FOR RISKS AND EXPENSES*

| *Items* | *Position and movements* | | | | |
|---|---|---|---|---|---|
| | | | *Reductions* | | |
| | *Provisions at start of period* | *Increases during period* | *Amounts used during the period* | *Amounts not used during the period* | *Provisions at period end* |
| Net position provision | 2,371,429 | 366,411 | | 680,128 | 2,057,712 |
| Provision for foreign exchange losses | 6,355,822 | 9,605,340 | | 6,355,822 | 9,605,340 |
| Provisions for risks and expenses | 2,255,009 | 6,258,790 | 17,195 | 1,502,574 | 6,994,030 |
| **TOTAL** | **10,982,260** | **16,230,540** | **17,195** | **8,538,524** | **18,657,082** |

## *CHANGE IN EQUITY*

| *Start-of-period position* | | *Balance* |
|---|---|---|
| Equity before distribution of previous earnings | | (37,153,858) |
| Equity after distribution of previous earnings | | (37,153,858) |
| *Changes during the period* | *Negative* | *Positive* |
| Changes in investment subsidies | 3,639,580 | |
| Changes in regulated provisions | 1,650,241 | |
| Net income for the period | 209,056,559 | |
| **BALANCE** | **214,346,380** | |
| *End-of-period position* | | *Balance* |
| Equity before dividends | | (251,500,237) |

## *BREAKDOWN OF THE SHARE CAPITAL*

| *Categories of securities* | *Number of securities* | | | *Par value* |
|---|---|---|---|---|
| | *At period end* | *Created during the year* | *Reimbursed during the year* | |
| Ordinary shares | 40,977,509 | | | 0.34 |

## *PARENT COMPANIES CONSOLIDATING THE COMPANY'S FINANCIAL STATEMENTS*

| *Legal name – Registered office* | *Legal status* | *Share Capital* | *% held* |
|---|---|---|---|
| Front Line<br>20 RUE AMPERE - 93200 ST-DENIS | SAS | 2,242,240 | 31.57% |

## *BREAKDOWN OF REVENUE IN THOUSANDS OF EUROS*

| | *Revenue France* | *Revenue Export* | *Total 03/31/2020* | *Total 03/31/2019* | *% 2020/2019* |
|---|---|---|---|---|---|
| Film production activity (the company only has one business segment) | 29,891 | 19,387 | 49,278 | 97,722 | -49.57% |
| **TOTAL** | **29,891** | **19,387** | **49,278** | **97,722** | **-49.57%** |

## *TRANSFERS OF EXPENSES*

| *Type of transfer* | *Amount* |
|---|---|
| Transfer of general and administrative expenses to films | 7,019 |
| Costs of projects to enter production | 34,338 |
| **TOTAL** | **41,357** |

## *NON-RECURRING INCOME AND EXPENSES*

| *Type of expense* | *Amount* |
|---|---|
| Provisions for expenses | 5,636,289 |
| Provisions for litigation | 622,501 |
| Penalties and miscellaneous expenses | 2,842 |
| Provisions for non-recurring depreciation of property, plant and equipment | 1,064,471 |
| Regulated provisions - exceptional amortization | 2,529,872 |
| Exceptional provisions | 366,412 |
| Net book value of intangible assets sold | 63,012 |
| Other non-recurring expenses | 21,411 |
| Third-party non-recurring expenses | 41,082,055 |
| **TOTAL** | **51,388,865** |

| *Type of income* | *Amount* |
|---|---|
| Subsidies taken to profit (loss) | 4,000,000 |
| Income from disposal of individual assets | 14,978 |
| Other non-recurring income | -47,613 |
| Litigation payments | 18,450 |
| Lapsed trade payables | 77,446 |
| Profit on buyback of securities | 12,315 |
| Reversal of exceptional amortization | 4,180,113 |
| Reversal of Employment Protection Plan provisions | 33,683 |
| Reversal of provisions for litigation | 166,086 |
| Reversal of provisions for net equity interests | 680,129 |
| **TOTAL** | **9,135,586** |

## *BREAKDOWN OF INCOME TAX*

| *In thousands of euros* | ***March 31, 2020*** | ***March 31, 2019*** |
|---|---|---|
| Tax on income from recurring operations | 0 | (396) |
| Tax on short-term non-recurring income | 0 | 0 |
| Consequences of tax consolidation | 410 | 5,001 |
| Cinema tax credit | 0 | 1,043 |
| Other tax expenses | 0 | 0 |
| Other tax credits | 50 | (1) |
| **Total** | **460** | **5,646** |

## *IMPACT OF SPECIAL TAX VALUATIONS*

| *Items* | *Accruals* | *Reversal* | *Amount* |
|---|---|---|---|
| **NET INCOME FOR THE FINANCIAL YEAR** | | | **(209,056,560)** |
| Income tax | | | |
| **INCOME BEFORE TAX** | | | **(209,056,560)** |
| **REGULATED PROVISIONS** | **2,529,872** | **4,180,113** | (1,650,241) |
| **OTHER SPECIAL VALUATIONS** | | | |
| **INCOME EXCLUDING SPECIAL TAX VALUATIONS (before tax)** | | | **(210,706,800)** |

*DEFERRED AND LATENT TAX POSITION*

| (in thousands of euros) | Tax base | | | |
|---|---|---|---|---|
| | March 31, 2020 | | March 31, 2019 | |
| | Assets | Liabilities | Assets | Liabilities |
| **I. CONTINGENT OR ASSURED MISMATCHES IN CONSOLIDATION** | | | | |
| **Temporarily non deductible expenses** | | | | |
| To be deducted next year | | | | |
| - profit sharing | 0 | | 0 | |
| - Organic | 45 | | 153 | |
| To be deducted later on | | | | |
| - provisions for film impairments | 59,598 | | 96,645 | |
| - provisions for risks and expenses | 5,636 | | 34 | |
| - provisions for trade receivables & inventory | 1,110 | | 3,006 | |
| - provision for foreign exchange losses | 9,605 | | 6,356 | |
| - other | 63 | | 82 | |
| | | | | |
| **Temporarily non taxable income** | 0 | | 0 | |
| | | | | |
| **Fiscally deducted expenses (or already taxed income) not yet entered into the accounts** | | | | |
| - Currency translation assets | | 9,605 | | 6,356 |
| - Currency translation liabilities | 5,711 | | 2,349 | |
| - Film amortization | | 1,599 | | 2,614 |
| **Total** | **81,770** | **11,204** | **108,624** | **8,970** |
| **II. ITEMS YET TO ALLOCATE** | | | | |
| **Loss carryovers** | 140,105 | | 26,927 | |

*OFF-BALANCE SHEET COMMITMENT*

*SECURITY INTERESTS*

**List of security interests granted to J.P. Morgan Chase Bank N.A. for the two credit lines arranged on October 21, 2014.**

As security for the credit lines contracted with J.P. Morgan on October 21, 2014, EuropaCorp and some of its subsidiaries (Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo) granted first-line and second-line guarantees on all their assets to guarantee the payment due on the agreed upon dates of the borrower’s obligations, EuropaCorp Films USA Inc., subject to the limitations set out in the credit agreement.

On October 21, 2014, EuropaCorp arranged, for the benefit of the lenders, first-line and second-line personal guarantees for the commitments of EuropaCorp Films USA, Inc. in respect of the credit lines, and, as security for these personal guarantees:

- first-line and second-line on-demand standalone guarantees;
- first-line and second-line pledges of securities accounts relating to shares of the following subsidiaries:
  - EuropaCorp Home Entertainment SAS,
  - EuropaCorp Distribution SAS,
  - EuropaCorp Music Publishing SAS,
  - Intervista SAS,

  - o Dog Productions SAS,
  - o Ydéo SAS,
  - o Roissy Films SAS,
  - o Blue Advertainment SAS,
  - o EuropaCorp Films USA, Inc. (pledge under US law),
  - o EuropaCorp Aéroville SAS,
  - o EuropaCorp Television SAS;
- first-line and second-line pledges of shares of the company Pass Pass La Cam SARL;
- first-line and second-line pledges of all of its existing or future bank accounts;
- first-line and second-line pledges of claims on any type of intercompany loan or advance;
- first-line and second-line film pledges concerning the tangible and intangible rights to the films in its catalog (except for the film *Taken 3* – see special provision below);
- first-line and second-line assignments of film revenue concerning revenue generated by the films in its catalog;
- first-line and second-line pledges of the physical elements of films stored at laboratories outside France;
- first-line and second-line pledges of all of its proprietary trademarks;
- first-line and second-line assignments of insurance covering all insurance policies except for error and omissions and third-party liability policies;
- first-line and second-line pledges of its business;
- first-line and second-line pledgeholder agreements under US law with the laboratory Éclair;
- first-line and second-line pledgeholder agreements under US law with the laboratory Digital Factory;
- a third-line pledge on the collection account for the film *Taken 3*;
- a third-line film pledge on the film *Taken 3*;
- a third-line assignment of film revenue for revenue from the film *Taken 3*.

In addition, on October 22, 2014, Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo also arranged, for the benefit of the lenders, first-line and second-line personal guarantees for the commitments of EuropaCorp Films USA, Inc. in respect of the credit lines, and, as security for this personal guarantee:
- first-line and second-line on-demand standalone guarantees;
- first-line and second-line pledges of their business;
- first-line and second-line pledges of all of their existing or future bank accounts;
- where applicable, first-line and second-line pledges of securities accounts relating to shares in the equity interests they hold;
- where applicable, first-line and second-line film pledges concerning the tangible and intangible rights to the films in their catalog;
- where applicable, first-line and second-line assignments of film revenue for revenue generated by the films in their catalog;
- where applicable, assignments of SACEM revenue.

**List of security interests granted to Vine Investment Advisors LP for the Amended and Restated Secured Participation Agreement**

As security for the payments due to Vine Investment Advisors LP under an agreement drafted in English and entitled Amended and Restated Secured Participation Agreement, signed on December 31, 2014, between EuropaCorp SA, as Seller, EuropaCorp Films USA, Inc. and various Guarantors, Purchasers, and Vine Investment Advisors, LP, acting as Administrative Agent (the “Participation Agreement”), EuropaCorp and some of its subsidiaries (Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo) granted third-line guarantees on all of their assets.

On March 18, 2015, EuropaCorp therefore signed, in favor of Vine Investment Advisors LP, third-line personal guarantees for EuropaCorp's commitments under the Participation Agreement and, as security for this personal guarantee:

- a third-line on-demand standalone guarantee for a maximum amount of $100 million;
- third-line pledges of securities accounts relating to shares of the following subsidiaries:
    - EuropaCorp Home Entertainment SAS,
    - EuropaCorp Distribution SAS,
    - EuropaCorp Music Publishing SAS,
    - Intervista SAS,
    - Dog Productions SAS,
    - Ydéo SAS,
    - Roissy Films SAS,
    - Blue Advertainment SAS,
    - EuropaCorp Films USA, Inc. (pledge under US law),
    - EuropaCorp Aéroville SAS,
    - EuropaCorp Television SAS;
- a third-line pledge of shares of the company Pass Pass La Cam SARL;
- a third-line pledge of all its existing or future bank accounts;
- a third-line pledge of claims on any type of intercompany loan or advance;
- third-line film pledges concerning the tangible rights (film material) and intangible rights to the films in its catalog (except for the film *Taken 3* – see special provision below);
- third-line assignments of film revenue concerning revenue generated by the films in its catalog;
- third-line pledges of the physical elements of films stored at laboratories outside France;
- third-line pledges of all of its proprietary trademarks;
- third-line assignments of insurance covering all insurance policies except for error and omissions and third-party liability policies;
- third-line pledges of its business;
- third-line pledgeholder agreements under US law with the laboratory Éclair;
- third-line pledgeholder agreements under US law with the laboratory Digital Factory SAS;
- a third-line pledge on the collection account for the film *Taken 3*;
- a fourth-line film pledge on the film *Taken 3*;
- a fourth-line assignment of film revenue concerning revenue from the film *Taken 3*.

In addition, on March 18, 2015, Blue Advertainment, Digital Factory, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Music Publishing, Roissy Films and Ydéo also signed, for the benefit of Vine Investment Advisors LP, third-line personal guarantees of EuropaCorp's commitments under the Participation Agreement, and, as security for this personal guarantee:

- third-line on-demand standalone guarantees;
- third-line pledges of their business;
- third-line pledges of all of their existing or future bank accounts;
- where applicable, third-line pledges of securities accounts relating to shares in the equity interests they hold;
- where applicable, third-line film pledges concerning the tangible and intangible rights to the films in their catalog;
- where applicable, third-line assignments of film revenue concerning revenue generated by the films in their catalog;
- where applicable, third-line assignments of SACEM revenue.

*PENSION COMMITMENTS*

**Commitments made in terms of pensions, additional pensions and other post-employment benefits subject to an off-balance sheet commitment or contracted for the benefit of executives**

Severance payments are calculated based on the "Projected Unit Credit" method.
The present value of expected future benefits at retirement is calculated for each employee.
French Act of November 9, 2010 reformed the conditions for retirement.

| | |
|---|---|
| Average retirement age: | 63 years |
| Rate of social security contributions: | 45% |
| Discount rate: | 1.38% |
| Salary increase rate: | 4% for Managers |
| | 2.5% for Employees and Supervisors |
| Turnover rate: | 14% |

The off-balance sheet commitment stands at €268,213 at the end of the financial year (EuropaCorp).

*FINANCIAL COMMITMENTS*

| ***Commitments made*** | | | | | | |
|---|---|---|---|---|---|---|
| *Types of commitments* | *Total* | *In favor of* | | | | |
| | | *Executives* | *Subsidiaries* | *Equity interests* | *Other related companies* | *Other* |
| Rent | 6,788,923 | | | | | 6,788,923 |
| **TOTAL** | **6,788,923** | | | | | **6,788,923** |

| ***Commitments received*** | | | | | | |
|---|---|---|---|---|---|---|
| *Types of commitments* | *Total* | *Received from* | | | | |
| | | *Executives* | *Subsidiaries* | *Equity interests* | *Other related companies* | *Other* |
| Subsidies funding | 1,417,644 | | | | | 1,417,644 |
| TV presales | 1,505,750 | | | | | 1,505,750 |
| International sales | 787,318 | | | | | 787,318 |
| Partnership and licensing | 570,000 | | | | | 570,000 |
| Rent | 6,338,996 | | | | | 6,338,996 |
| **TOTAL** | **10,619,708** | | | | | **10,619,708** |

| ***Mutual commitments*** | | | | | | |
|---|---|---|---|---|---|---|
| *Types of commitments* | *Total* | *Executives* | *Subsidiaries* | *Equity interests* | *Other related companies* | *Other* |
| | | | | | | |
| **TOTAL** | | | | | | |

*AVERAGE HEADCOUNT*

| *Headcount* | *Salaried employees* | *Staff made available to the company* |
|---|---|---|
| Managers at March 31, 2020 | 27 | |
| Non-managers at March 31, 2020 | 3 | |
| **TOTAL** | **30** | |

*LIST OF SUBSIDIARIES AND EQUITY INTERESTS*

| *Legal name*<br>*Registered office* | *Share capital*<br>*Equity* | *Share held*<br>*Divid.* | *Gross value Securities*<br>*Net value* | *Loans, Advances*<br>*Deposits* | ***Revenue***<br>***Net income*** |
|---|---|---|---|---|---|
| ***SUBSIDIARIES (more than 50%)*** | | | | | |
| Dog Productions - 422132829 | 46,200 | 100.00% | 2,647,750 | | |
| 20 rue Ampère - 93200 St-Denis | (673,273) | | | | (69,322) |
| Intervista - 395246408 | 46,200 | 100.00% | 2,082,074 | | 6,880 |
| 20 rue Ampère - 93200 St-Denis | (1,139,205) | | | | (15,874) |
| EuropaCorp Distribution - 434969861 | 324,100 | 100.00% | 27,945,000 | | 9,188,357 |
| 20 rue Ampère - 93200 St-Denis | (8,503,278) | | | | (1,483,078) |
| EC Home Entertainment - 438619512 | 38,500 | 100.00% | 7,700 | | 3,604,456 |
| 20 rue Ampère - 93200 St-Denis | 133,947 | | 7,700 | | (167,924) |
| EuropaCorp Music Publishing - | 167,400 | 100.00% | 201,808 | | |
| 20 rue Ampère - 93200 St-Denis | (1,142,803) | | 201,808 | | (104,093) |
| Ydéo - 434677688 | 37,000 | 100.00% | 676,188 | | 4,000 |
| 20 rue Ampère - 93200 St-Denis | (2,654,219) | | | | (84,903) |
| EuropaCorp Télévision | 113,233 | 95.20% | 7,975,136 | | 6,726,333 |
| 20 rue Ampère - 93200 St-Denis | 13,741,796 | | 7,975,136 | | (926,474) |
| EuropaCorp TV | 37,000 | 100.00% | 37,000 | | |
| 20 rue Ampère 93200 Saint Denis | (338,798) | | | | (4,570) |
| EuropaCorp Aéroville | 1,000 | 100.00% | 41,000 | | |
| 20 rue Ampère 93200 Saint Denis | (13,082,392) | | | | 680,129 |
| Roissy Films | 10,000 | 100.00% | 41,279,073 | | 42,000 |
| 20 rue Ampère 93200 Saint Denis | (626,650) | | 29,652,717 | | (240,715) |
| Valérian Holding | 45,000 | 100.00% | 45,000 | | |
| 20 rue Ampère 93200 Saint Denis | (38,832) | | | | (32,012) |
| Blue Advertainment | 75,182 | 100.00% | 6,832,434 | | |
| 20 rue Ampère 93200 Saint Denis | (3,793,149) | | | | (254,199) |
| EuropaCorp Film USA | 8,811 | 100.00% | 67,306,068 | | |
| 335-345 Maple Drive Beverly Hills | (157,130,643) | | | | (48,947,198) |
| Orchestra | 1,000 | 100.00% | 1,000 | | |
| 20 rue Ampère 93200 Saint Denis | (14,423) | | 1,000 | | (11,861) |
| | | | | | |
| ***EQUITY INTERESTS (10% to 50%)*** | | | | | |
| Pass Pass la cam Productions | 14,200 | 40.00% | 5,680 | | |
| 231 rue Saint Honoré - 75001 Paris | 4,404 | | | | |
| SCI Les Studios de Paris | 9,825,000 | 40.00% | 6,045,938 | | |
| 20 rue Ampère 93200 Saint Denis | 551,043 | | | | |
| Elzevir Films | 67,424 | 28.81% | 499,998 | | |
| 14 rue Drouot 75009 Paris | 2,900,866 | | 499,998 | | |

### *REMUNERATION OF EXECUTIVES*

| *Items* | *Total executives* | *Bodies* | | |
|---|---|---|---|---|
| | | *Administration* | *Management* | *Surveillance* |
| Financial commitments<br>Remuneration paid | 138,117 | | 138,117 | |
| *Conditions of loans granted during the year:* | | | | |
| *Repayments made during the year:* | | | | |

### *SUBSEQUENT EVENTS*

- *End of the safeguard procedure*

The French Financial Markets Authority (Autorité des marchés financiers - AMF) approved the prospectus filed by the Company on April 14, 2020 under no. 20-142. This prospectus relates to two share capital increases without preferential subscription rights for shareholders, reserved for the funds Vine and Falcon, for a total amount of around €193 million. These planned capital increases were approved by the Combined General Meeting on April 28, 2020 with powers delegated to the Board of Directors to execute them.

On July 24, 2020, the Commercial Court of Bobigny approved the Company safeguard plan and thus brought the safeguard procedure observation period to an end. The Board of Directors executed this delegation between July 24 and July 28, 2020, date on which the capital increases were executed by converting second- and third-line receivables reserved for the Vine and Falcon funds.

- *COVID-19 Epidemic*

As of the filing date of this Universal Registration Document, the Group considers that the COVID-19 epidemic may result in delays to the production and/or release in theaters of any films on which the Company begins production. The Company is also expecting a decrease in footfall in theaters owing to the strict health conditions that the government may introduce as part of its management of the health crisis.

**APPENDIX 3 – STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

To the General Meeting of EuropaCorp,

## 1. Opinion

Pursuant to the mission entrusted to us by your General Meeting, we conducted the audit of the annual financial statements of EuropaCorp for the financial year ended on March 31, 2020 as attached to this report. These financial statements were approved by the Board of Directors on July 28, 2020 on the basis of information available on that date in the evolving context of the COVID-19 health crisis.

In our opinion, the annual financial statements give a true and fair view of the results of the operations of the company for the financial year ended in accordance with the French rules and accounting principles.

The opinion provided above is consistent with the content of our report to the Audit Committee.

## 2. Basis of our opinion

**Audit standards**

We conducted our audit in accordance with the professional standards applicable in France. We believe that the items we have collected form a sufficient and appropriate basis for our opinion.

Our responsibilities under these standards are set out under the section "Responsibilities of the Statutory Auditors with respect to the audit of the annual financial statements" of this report.

**Independence**

We conducted our audit in accordance with the rules of independence applicable to us for the period from April 1, 2019 to the date of issue of our report, and we specifically did not provide any services prohibited by Article 5, paragraph 1 of Regulation (EU) no. 537/2014 or by the Statutory Auditors' code of ethics.

## 3. Justification of our assessments – Key points of the audit

In accordance with the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code regarding the justification of our assessment, we hereby inform you of the key points of our audit relating to the risk of material misstatements that, in our professional opinion, were most significant for the audit of the financial year's financial statements, and the answers we provided in view of these risks.

The assessments thus made are part of our audit of the financial statements, taken as a whole, approved as previously stated, and therefore contributed to the formation of our opinion expressed above. We do not express an opinion on the elements of the financial statements considered individually.

**Recognition of Television and International Sales revenue**
(Note 11 of the appendix to annual financial statements)

**Risk identified**

As mentioned in Note 11 of the appendix to the annual financial statements, the accrual of production receipts is different whether the receipts come from the sale of TV exploitation rights to pay or free French TV channels or whether they come from multi-rights contracts granting the exploitation rights for a whole territory, with minimum guarantees.

We decided to consider the accrual of revenue recognition as a key element of our audit due to its importance in the company's accounts.

**Our answer**

We reviewed the internal control procedures implemented and tested the main controls in place for revenue recognition. On a sampling of TV and International sales contracts deemed significant due to their financial impact:

- We compared the contract data with the management and accounting data;
- We ensured that the revenue recognition principles were applied;
- We assessed the match between the revenue and the right financial year.

We also implemented substantial controls on a sampling of trade receivables and invoices to be created to assess Management's estimates.

**Valuation of film and audiovisual rights**
(Note 3.5 of the appendix to annual financial statements)

**Risk identified**

On March 31, 2020, the films and audiovisual works produced, distributed or being produced by EuropaCorp consisted of intangible fixed assets in the net amount of €31.2 million.

As mentioned in Note 3.5 of the appendix to the annual financial statements, film and audiovisual works are amortized using the estimated revenue method. This method consists in applying to the cost of the film the ratio resulting from the comparison between the net revenue earned and the total net projected revenue for a period of 12 years maximum.
The estimate of net projected revenue is reviewed by management and adjusted, if required, based on contracts signed or planned, on the report by the independent expert appointed by the company for international territories, or on the evolution of the audiovisual market.

We therefore consider the assessment of films and audiovisual rights as a key point of the audit due to (i) their significance for the Group's financial statements, and (ii) the judgments required to determine their recoverable value.

**Our answer**

Our audit method consisted in verifying, on the basis of a sample of films, that the use of these estimates did not result in an over-estimation or under-estimation of the net book value of these intangible assets.

Our work consisted in:

- Analyzing compliance with the accounting standards in effect and the continued use of the amortization method applied by the company and in verifying the correct implementation of the amortization calculation rule;
- Reconciling (i) the amount of net revenue acquired with the management data, and (ii) the

amount of revenue estimated by the experts with the estimated future revenue retained;
· Assessing the consistency of revenue estimates with revenue for the period, historical results and sales agreements already signed or in the process of being finalized.
Lastly, we verified the appropriate nature of the information provided in the notes to the financial statements.

**Valuation and depreciation of equity holdings**
(Note 5 of the appendix to annual financial statements)

**Risk identified**

At March, 31, 2020, EuropaCorp held significant equity interests in different French and foreign companies for a net total amount of €38.3 million. Those assets are entered into the accounts at their acquisition price the day they are purchased, and depreciated following their value in use.

The determination of their value in use is the result of an analysis of the company, or of a comparison with the share of equity owned in the subsidiary at stakes, or of the discounted future cash flows method.

We deemed that the valuation of the equity holdings is a key element of the audit because of their importance in the company's accounts and of the required assessment for their valuation.

**Our answer**

To assess the estimates of the value in use of the equity holdings, based on the information we were given, we mainly checked the Management's justification of the valuation method used and the figures on which it conducted the valuation. We also:

· Analyzed the evolution of the share of equity in the subsidiaries, compared to the historical value of equity;
· Obtained the forecasts of the operations of the companies involved and assessed their coherence with the historical data;
· Checked the financial information communicated in the appendix of the accounts.

## 4. *Specific verifications*

In accordance with the professional standards applicable in France, we also carried out the specific verification required by laws and regulations.

**Information given in the management report and other documentation for shareholders on the annual financial situation and the financial statements**

We have no matters to report as to the fair presentation and the consistency of the information given in the Board of Directors' management report approved on July 28, 2020 and in the other documents for the shareholders concerning the financial situation and the annual financial statements. In terms of the events that occurred and information of which we have become aware concerning the COVID-19 crisis since the reporting date, management have informed us that they will be included in a communication to the General Meeting called to approve these financial statements.

We hereby certify the truthfulness and consistency with the annual financial statements of the information regarding the payment terms mentioned in Article D. 441-4 of the French Commercial Code.

**Report on corporate governance**

We confirm that the Board of Directors' report on corporate governance states the information required under Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

As to the information given in compliance with Article L.225-37-3 of the French Commercial Code about compensation and benefits of corporate officers and commitments paid or granted to them, we checked its compliance with the accounts or the data the accounts come from and, if applicable, with the data the company obtained from the companies controlled by it that are included in the scope of consolidation. On this ground, we confirm the accuracy and truthfulness of the information.

As to the information relating to items that your company considers likely to have an impact in the event of a takeover bid or public exchange offer, provided in application of the provisions of Article L.225-37-5 of the French Commercial Code, we have verified their conformity with their source documents, which were provided to us. Based on this work, we have no comments to make regarding this information.

**Other information**

In accordance with the law, we verified that all information regarding the identity of parties holding share capital or voting rights was communicated to you in the management report.

## 5. *Information resulting from other legal and regulatory obligations*

**Appointment of the Statutory Auditors**

We were appointed as auditors for EuropaCorp by the General Meeting of September 26, 2014 in the case of Auditeurs et Conseil Associés – ACA Nexia and by the General Meeting of September 27, 2019 in the case of Acofex.

As of March 31, 2020, the firm Auditeurs et Conseil Associés – ACA Nexia was in its sixth consecutive year of service and Acofex in its first year.

## 6. *Responsibilities of management and those charged with corporate governance for the financial statements*

It is the responsibility of management to prepare financial statements presenting a true picture, in accordance with the French rules and accounting principles, and to implement the internal controls it deems necessary for the preparation of financial statements containing no material misstatements resulting either from fraud or errors.

At the time the financial statements are prepared, it is the responsibility of management to assess the ability of the company to continue its operations, to present in its financial statements, if required, the information necessary for continued operations and to implement the going concern principle unless plans have been made to liquidate the company or cease its operations.

It is the responsibility of the audit committee to monitor the preparation of the financial information and to track the effectiveness of internal control and risk management systems as well as, in the event of an internal audit, the procedures related to the preparation and processing of the accounting and financial information.

The financial statements have been approved by the Board of Directors.

### 7. *Responsibilities of the Statutory Auditors with respect to the audit of the financial statements*

**Audit objective and process**

It is our responsibility to prepare a report on the financial statements. Our goal is to obtain reasonable assurance that the financial statements considered overall do not contain any material misstatements. Reasonable assurance reflects a high level of confidence without, however, guaranteeing that an audit conducted in accordance with professional standards will ensure the consistent identification of material misstatements. Misstatements can result from fraud or errors. They are considered to be significant when it can be reasonably expected that they will, taken individually or together, impact the financial decisions the users of the financial statements take based on them.

As stated in Article L.823-10-1 of the French Commercial Code, our mission to certify the financial statements does not consist in guaranteeing the viability or quality of the management of your company.

As part of an audit conducted in accordance with the professional standards applicable in France, the Statutory Auditors exercise their professional judgment throughout the audit process. In addition:

- They identify and assess the risk that the financial statements contain material misstatements whether they are the result of fraud or errors, define and implement audit procedures to address the risks and collect the information they believe is sufficient and appropriate to found their opinion. The risk of non-identification of a significant misstatement resulting from fraud is greater than that of a significant misstatement resulting from an error given that fraud can imply collusion, falsification, voluntary omissions, false statements and the bypassing of internal controls;
- They review the internal control system relevant to the audit in order to define the appropriate audit procedures for the circumstances and not for the purpose of expressing an opinion on the effectiveness of internal control;
- They assess the suitability of the accounting methods used and the reasonable nature of the accounting estimates made by management and the information about them provided in the financial statements;

- They assess the suitability of the application by management of the going concern principle and, based on the information collected, whether or not there is significant uncertainty related to events or circumstances with the potential to negatively impact the ability of the Company to continue operating. The assessment is based on all of the information collected up to the time of the report, being noted that subsequent circumstances or events may prevent the Company from continuing to operate. If they conclude that there is significant uncertainty, they will draw the attention of the readers of their report to the information provided in the financial statements regarding the uncertainty or, if the information is not provided or not relevant, they will issue a qualified opinion or refuse certification;
- They assess the overall presentation of the financial statements and assess whether the financial statements reflect underlying operations and events in a way that provides a truthful picture.

**Report to the audit committee**

We hereby submit a report to the audit committee which presents the extent of the audit work done and the program implemented as well as the conclusions of our work. We also inform the committee, if applicable, of any significant weaknesses in internal control which we identified with respect to the procedures used to prepare and process the accounting and financial information.

The information provided in the report to the audit committee includes the risks of significant misstatements which we believe are most significant for the audit of the annual financial statements for the financial year and which are, therefore, key points of the audit. These points are described in this report.

We have also provided to the Audit Committee the statement required by Article 6 of Regulation (EU) no. 537-2014 confirming our independence, within the meaning of the rules applicable in France as defined by Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of ethics for Statutory Auditors. If need be, we will meet with the audit committee to discuss any threats to our independence and the safeguard measures applied.

Paris and Vincennes, July 29, 2020

| | |
|---|---|
| Auditeurs & Conseils Associés<br>ACA Nexia<br>represented by | Premier Monde<br><br>represented by |
| Olivier Juramie | Arnaud Malivoire |

## APPENDIX 4 – FINANCIAL SUMMARY AND OTHER COMPANY INFORMATION FOR THE LAST FIVE FINANCIAL YEARS (IN EUROS) AS PER FRENCH ACCOUNTING STANDARDS

| Type of information | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| **I. Share capital at the end of the financial year** | | | | | |
| - share capital | 13,932,353 | 13,932,353 | 13,932,353 | 13,932,353 | 10,046,638.58 |
| - number of existing ordinary shares | 40,977,509 | 40,977,509 | 40,977,509 | 40,977,509 | 29,548,937 |
| - number of existing preferred shares | 0 | 0 | 0 | 0 | 0 |
| - maximum number of future shares: | | | | | |
| *through the conversion of bonds* | *0* | *0* | *0* | *0* | *0* |
| *through the exercise of subscription rights* | *0* | *0* | *0* | *0* | *0* |
| *through the exercise of share warrants* | *0* | *0* | *0* | *0* | *0* |
| **II. Operations and net income for the financial year** | | | | | |
| - revenue excluding taxes | 49,278 329 | 97,722,014 | 75,888,422 | 90,100,768 | 95,336,711 |
| - revenue before tax, profit-sharing, and amortization and provision charges | (42,016,028) | 33,150,406 | 7,979,451 | 32,333,103 | 41,203,112 |
| - income tax | (460,015) | (5,645,719) | (13,329,909) | (881,378) | (3,203,932) |
| - profit sharing for the financial year | | | | (33,926) | 102,163 |
| - profit (loss) after tax, profit-sharing, and amortization and provision charges | (209,056,560) | (64,499,221) | (70,474,618) | (33,833,956) | (18,458,659) |
| - distributed income | 0 | 0 | 0 | 0 | 0 |
| **III. Profit (loss) per share (excluding potential dilution)** | | | | | |
| - profit (loss) after tax, profit-sharing, but before amortization and provision charges | -1 | 1 | 1 | 1 | 2 |
| - profit (loss) after tax, profit-sharing, and amortization and provision charges | -5 | -2 | -2 | -1 | -1 |
| - dividend per share | 0 | 0 | 0 | 0 | 0 |
| **IV. Staff** | | | | | |
| - average permanent headcount during the financial year | 31 | 38 | 62 | 66 | 215 |
| - payroll for the financial year | 2,106,666 | 5,490,296 | 12,885,669 | 12,901,592 | 9,068,138 |
| - amounts paid as social security benefits during the financial year (government and corporate welfare benefits, etc.) | 928,061 | 2,265,273 | 5,029,174 | 5,009,873 | 4,074,067 |

# APPENDIX 5 - CONSOLIDATED FINANCIAL STATEMENTS AT SEPTEMBER 30, 2019 AS PER IFRS

## CONSOLIDATED PROFIT AND LOSS STATEMENT (IFRS 5 restated)

| | | Year Ended September 30, | |
|---|---|---|---|
| *(amounts in thousands of euros, except for the number and data per share)* | | **2019** | **2018** |
| Turnover | **Note 4.1** | 40,698 | 80,823 |
| **Revenue** | **Note 4.1** | **40,698** | **80,823** |
| Cost of sales | | (27,513) | (71,396) |
| **Operating margin** | **Note 4.2** | **13,185** | **9,427** |
| Overheads | **Note 4.3** | (9,694) | (13,570) |
| Other income and expenses | **Note 4.4** | (5,193) | (50,979) |
| **Operating profit (loss)** | | **(1,701)** | **(55,122)** |
| Income from financial investments / (Cost of financial debt) | | (10,744) | (8,485) |
| Other financial income and expenses | | (5,771) | (7,718) |
| **Financial income** | **Note 4.5** | **(16,515)** | **(16,204)** |
| **Current income before income tax** | | **(18,217)** | **(71,325)** |
| Tax | **Note 4.6** | (3,985) | (9,342) |
| Equity in net earnings of associated companies | **Note 3.5** | (550) | (622) |
| **Net income from continuing operations** | | **(22,752)** | **(81,289)** |
| Net income from discontinued operations | **Note 2.4** | 0 | (7,564) |
| **Net income** | | **(22,752)** | **(88,852)** |
| Includi Net Income – Minority share | | (6) | 50 |
| Net Income – Group share | | (22,746) | (88,902) |
| Basic net income per share* | | (0.56) | (2.17) |
| Diluted net income per share* | | (0.56) | (2.17) |
| * Total equity shares minus treasury shares at September 30, 2019 | | 40,915,783 | 40,943,281 |

# STATEMENT OF COMPREHENSIVE INCOME

| | 09/30/2019 | 09/30/2018 |
|---|---|---|
| **Net income** | **(22,752)** | **(88,852)** |
| | | |
| ***Income and expenses directly recognized in equity*** | | |
| - Net investments change | 3,525 | 6,049 |
| - Foreign currency translation differences | (4,936) | (5,762) |
| - 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** | (1,411) | 288 |
| | | |
| **Total comprehensive income for the period** | **(24,163)** | **(88,564)** |

| ***Comprehensive income breakdown for the period*** | **09/30/2019** | **09/30/2018** |
|---|---|---|
| Shareholders of the entity | (24,157) | (88,614) |
| Minority interest | (6) | 50 |
| **Total comprehensive income for the period** | **(24,163)** | **(88,564)** |

# CONSOLIDATED STATEMENT OF THE 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, 2018 balance** | **40,977,509** | **13,932** | **107,092** | **(33,946)** | **5,371** | **(78)** | **(82,826)** | **9,545** | **261** | **9,805** |
| Net income appropriation in reserves | | | | (82,826) | | | 82,826 | **0** | | **0** |
| Transfer of a part of the share premium in reserves | | | | | | | | **0** | | **0** |
| Dividends distribution | | | | | | | | **0** | | **0** |
| Share-based payments | | | | | | | | **0** | | **0** |
| Net variation of treasury shares and stock dividends | | | | | | 31 | | **31** | | **31** |
| Impact of the changes in the scope of consolidation | | | | (116) | | | | **(116)** | (10) | **(126)** |
| Currency translation reserve | | | | | 567 | | | **567** | | **567** |
| 03/31/2019 net income | | | | | | | **(109,908)** | **(109,908)** | 36 | **(109,873)** |
| **Total of income and costs of the period** | | | | **0** | **567** | **0** | **(109,908)** | **(109,341)** | **36** | **(109,306)** |
| Capital increase | | | | | | | | **0** | | **0** |
| Capital increase expenses | | | | | | | | **0** | | **0** |
| Free shares allocation plan | | | | (144) | | | | **(144)** | | **(144)** |
| **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 | **0** | | **0** |
| Transfer of a part of the share premium in reserves | | | | | | | | **0** | | **0** |
| Dividends distribution | | | | | | | | **0** | | **0** |
| Share-based payments | | | | | | | | **0** | | **0** |
| Net variation of treasury shares and stock dividends | | | | | | | | **0** | | **0** |
| Impact of the changes in the scope of consolidation | | | | | | | | **0** | 9 | **9** |
| Currency translation reserve | | | | | (1,411) | | | **(1,411)** | | **(1,411)** |
| 09/30/2019 net income | | | | | | | **(22,746)** | **(22,746)** | (6) | **(22,752)** |
| **Total of income and costs of the period** | | | | **0** | **(1,411)** | **0** | **(22,746)** | **(24,157)** | **(6)** | **(24,163)** |
| Capital increase | | | | | | | | **0** | | **0** |
| Capital increase expenses | | | | | | | | **0** | | **0** |
| Free shares allocation plan | | | | 42 | | | | **42** | | **42** |
| **September 30, 2019 balance** | **40,977,509** | **13,932** | **107,092** | **(226,898)** | **4,527** | **(48)** | **(22,746)** | **(124,141)** | **289** | **(123,851)** |

# CONSOLIDATED BALANCE SHEET

| *(amounts in thousands of euros)* | | 30 September 2019 | | | 31 March 2019 |
|---|---|---|---|---|---|
| **ASSETS** | | **Gross** | **Amortisations / Provisions** | **Net** | **Net** |
| **Non-current assets :** | | | | | |
| Goodwill | **Note 3.1** | 32,799 | (32,799) | 0 | 0 |
| Intangible assets | **Note 3.2** | 1,524,981 | (1,463,281) | 61,700 | 84,439 |
| Property and Equipment | **Note 3.3** | 35,494 | (30,167) | 5,327 | 9,230 |
| Other financial assets | **Note 3.4** | 8,022 | 0 | 8,022 | 7,851 |
| Investments in associates | **Note 3.5** | 0 | | 0 | 0 |
| Deferred taxes assets | | 19,301 | | 19,301 | 24,684 |
| Right-of-use leased assets | **Note 3.10** | 20,129 | (7,711) | 12,418 | 0 |
| **Total non-current assets** | | **1,640,725** | **(1,533,957)** | **106,768** | **126,205** |
| **Current assets :** | | | | | |
| Inventory | | 1,116 | (552) | 564 | 587 |
| Trade accounts receivable | **Note 3.6** | 49,686 | (5,106) | 44,580 | 43,389 |
| Other accounts receivable | **Note 3.7** | 31,648 | (2,053) | 29,595 | 29,755 |
| Other current assets | **Note 3.13** | 967 | 0 | 967 | 2,976 |
| Cash and cash equivalents | **Note 3.9** | 31,588 | | 31,588 | 22,909 |
| **Total current assets** | | **115,005** | **(7,711)** | **107,294** | **99,617** |
| **TOTAL ASSETS** | | | | **214,062** | **225,822** |

| | | 30 September 2019 | 31 March 2019 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Equity - Group share** | | | |
| Issued capital | | 13,932 | 13,932 |
| Retained earnings and reserves | | (138,073) | (113,958) |
| Total equity - Group share | **Note 3.8** | **(124,141)** | **(100,026)** |
| **Minority interests** | | **289** | **287** |
| **Non-current liabilities :** | | | |
| Provisions for pensions and similar | | 417 | 397 |
| Deferred taxes liabilities | | 1,165 | 1,107 |
| Long term borrowings and financial debts | **Note 3.9** | 0 | 0 |
| Deposits and guarantees received | **Note 3.9** | 514 | 541 |
| Lease liability - long term (> 1 year) | **Note 3.10** | 12,506 | 0 |
| Other non-current liabilities | **Note 3.13** | 10,404 | 9,342 |
| **Other non-current liabilities** | | **25,007** | **11,386** |
| **Current liabilities :** | | | |
| Short term borrowings and financial debts | **Note 3.9** | 195,066 | 182,216 |
| Lease liability - short term (< 1 year) | **Note 3.10** | 3,626 | |
| Provisions for risks and expenses | | 1,332 | 5,380 |
| Trade accounts payable | **Note 3.12** | 43,526 | 53,616 |
| Other financial liabilities | **Note 3.12** | 55,589 | 54,579 |
| Other current liabilities | **Note 3.13** | 13,767 | 18,385 |
| **Total current liabilities** | | **312,907** | **314,176** |
| **TOTAL LIABILITIES** | | **214,062** | **225,822** |

## CONSOLIDATED CASH FLOW STATEMENT (IFRS 5 restated)

| *(amounts in thousands of euros)* | | Year Ended September 30, 2019 | 2018 |
|---|---|---|---|
| **Operations** | | | |
| Net income - Group share | | (22,746) | (81,338) |
| Net income - Minority share | | (6) | 50 |
| Net income from discontinued operations | | 0 | (7,564) |
| Depreciation and amortization | | 30,132 | 104,136 |
| Unrealised gains and losses relating to changes in fair value | | 4,354 | 465 |
| Change in the fair value of securities-related liabilities | | 0 | 0 |
| Capital gains or losses on the disposal of assets | | 0 | (11) |
| Share of income from associates consolidated using the equity method | | 550 | 622 |
| Income and expenses due to share-based payments and similar | | 0 | 0 |
| **Operating cash flow after net financial debt cost and taxes** | | **12 284** | **16 360** |
| (Income from financial investments) / Cost of financial debt | | 10,744 | 8,485 |
| Taxes (Income) / Cost | | 3,985 | 9,358 |
| **Operating cash flow before net financial debt cost and taxes** | | **27 014** | **34 203** |
| Change in working capital requirement : | | | |
| Inventory | | 23 | 4,521 |
| Trade accounts and notes receivable | | (7,965) | 10,201 |
| Deferred costs | | 475 | (3,110) |
| Trade notes and accounts payable | | (4,977) | (1,614) |
| Deferred income | | (3,817) | (8,589) |
| Tax paid | | 0 | 0 |
| **Net cash flow from operations** | **Note 5.1** | **10 753** | **35 612** |
| **Investment activities** | | | |
| Acquisition of intangible assets | | (225) | (9,772) |
| Acquisition of other intangible assets | | (2) | (17) |
| Acquisition of property and equipment | | 107 | (20) |
| Income on disposal of intangible assets and property, plant and equipment | | 0 | 11 |
| Net change in financial assets | | (1,536) | (3,705) |
| Change in liabilities on long-term investment | | 0 | 0 |
| Change in minority reserves | | 0 | 0 |
| Impact of the changes in the scope of consolidation | | 0 | 0 |
| **Net cash flow from investment activities** | **Note 5.1** | **(1 656)** | **(13 502)** |
| **Financing activities** | | | |
| Dividends paid | | 0 | 0 |
| Increase in capital | | 0 | 0 |
| Capital increase expenses | | 0 | 0 |
| Net increase in bank borrowings and overdrafts | | 14,849 | 5,737 |
| Net decrease in bank borrowings and overdrafts | | (27) | (20,430) |
| Decrease in lease liability | | (5,859) | 0 |
| Net change in treasury shares | | 19 | (38) |
| Interest expenses paid | | (9,080) | (8,970) |
| Interest income received and net gain/loss from disposals | | 133 | 78 |
| **Net cash flow from financing activities** | **Note 5.1** | **35** | **(23 623)** |
| **Overall change in cash position** | | **9 133** | **(1 513)** |
| **Opening cash position** | | 21 947 | 33 112 |
| **Cash position at the end of period** | | **31,080** | **31,599** |
| broken down into: | | | |
| *Marketable securities* | | *678* | *678* |
| *Cash and cash equivalents* | | *30 910* | *30 777* |
| *Overdrafts* | | *( 509)* | *0* |

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

No changes have been made to the scope of consolidation of the Group's financial statements between April 1 and September 30, 2019.

### 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, 2019, 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, 2019.
The accounting policies used are those detailed in the consolidated financial statements published on March 31, 2019 (see Note 2 "Accounting Policies and Methods" to those financial statements on pages 220 to 234 of the Registration Document filed with the AMF on July 19, 2019, under number D. 19-0717), 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 12, 2019, and were examined and approved by the Board of Directors on December 12, 2019.

### 2.2 Significant uncertainty related to continuity as a going concern

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, 2020.
Despite the implementation of internal reorganization measures, the refocusing of strategy on its core business activities and the disposal of non-strategic businesses in 2018 and 2019, the Group has anticipated the risk of not being able to repay some of its debts and commitments on their maturity date, in particular the senior credit line due on October 21, 2019, the secondary credit line (Mezzanine) due on April 21, 2020,

and commitments under the "Equity Deal". Discussions have begun with the Group's creditors in order to negotiate alternative terms for settling these debts. At the end of 2018 the Company also appointed an investment bank with the aim of strengthening its financial capabilities. In this context, a number of groups have expressed an interest in investing in the Company. Some of these have made non-binding offers subject to a number of preconditions.
In view of this situation and of the uncertain outcome of the various ongoing discussions, the Company and nine of its subsidiaries petitioned the Commercial Court of Bobigny to open safeguard proceedings. On May 13, 2019, the Court issued a favorable ruling on this matter for a six-month extendable period.

In the first half of the 2019/2020 financial year, discussions entered into with the Group's creditors continued with a number of positive developments. These developments include plans to restructure debts. Discussions are also focusing on rationalizing the rented areas of La Cité du Cinéma and of the associated rent. It was not possible to finalize a project of safeguard plan within the initial six-month period. As such, the Group petitioned the Commercial Court of Bobigny and, in a judgment dated October 29, 2019, secured an extension to the observation period for the safeguard proceeding, i.e. until May 13, 2020, so as to enable the Company to continue discussions with the various stakeholders with a view to finalizing a safeguard plan.

As a whole, these factors represent significant uncertainty as to the Group's continuity as a going concern. The Board of Directors nevertheless approved its consolidated financial statements as of September 30, 2019, while maintaining the going concern principle due to its confidence in the positive outcome of the ongoing discussions by the end of the observation period.

## 2.3 New standards and interpretations applied

In particular, the IASB's IFRS standards 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_fr.htm#adopted-commission for financial years beginning on or after April 1, 2019, have been applied by the Company. The impact on how the accounts are presented is set out in the following paragraph and in Note 3.10 "Leases".

### *IFRS standards, IFRIC interpretations or amendments applied by the Company from April 1, 2019*

- *IFRS 16 "Leases", adopted by the European Union on November 9, 2017, for financial years beginning on or after January 1, 2019*

### *Application of IFRS 16*

The application of IFRS 16 "Leases" is mandatory for the financial year beginning on April 1, 2019. Under it all leases are recognized on the statement of financial position of lessees: a right-of-use is recognized as an asset and a lease debt as a liability. On the profit and loss statement, the lessee records an amortization and interest expense.

The Group has applied IFRS 16 since April 1, 2019 using the so-called simplified retrospective method. This method does not involve the restatement of comparative periods. The right-of-use and lease liability are calculated on the basis of adjusted outstanding rent as of April 1, 2019.

The Group has applied the exemptions set out in the standard relating to leases for a term of 12 months or less or the value of which is under $5 thousand.

As such, only property leases will be restated under the standard.

The term of the lease applied is the remaining term to March 31, 2024, as stated in the lease. This term is aligned with the amortization periods for fixtures and fittings of said premises.

A unique discount rate of 8% has been applied across all entities, corresponding to the rate currently approved in renegotiations of the main current credit lines. This rate is consistent with a rate of return on property.

***Reconciliation between lease liabilities at April 1, 2019, and off-balance sheet commitments***

| | |
|---|---|
| **Off-balance sheet commitments published as of 03/31/2019** | **36,891** |
| Lease-related expenses not carried forward as off-balance sheet commitments | 13,558 |
| Eviction indemnity | 5,410 |
| **New gross lease liability at 04/01/2019** | **55,860** |
| Adjustment | (11,451) |
| Other | 156 |
| **New lease liability adjusted at 04/01/2019** | **44,565** |
| Reclassification of provisions for rent payable as lease liabilities at 04/01/2019 | 3,013 |
| **New lease liability adjusted at 04/01/2019** | **47,577** |

## *Impacts of implementing IFRS 16*

| **ASSETS** | **03/31/2019 published** | **IFRS 16 impact** | **04/01/2019** |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | 0 | | 0 |
| Intangible assets | 84,439 | | 84,439 |
| Property, Plant and Equipment | 9,230 | | 9,230 |
| Other financial assets | 7,851 | | 7,851 |
| Investments in associates | 0 | | 0 |
| Deferred tax assets | 24,684 | | 24,684 |
| Right-of-use of leased assets | 0 | 44,565 | 44,565 |
| Other non-current assets | 0 | | 0 |
| **Total non-current assets** | **126,205** | **44,565** | **170,770** |
| **Current assets:** | | | |
| Inventory | 587 | | 587 |
| Trade receivables | 43,389 | | 43,389 |
| Other receivables | 29,755 | | 29,755 |
| Other current assets | 2,976 | | 2,976 |
| Cash and cash equivalents | 22,909 | | 22,909 |
| **Total current assets** | **99,617** | **0** | **99,617** |
| **Total assets** | **225,822** | **44,565** | **270,387** |

| **LIABILITIES** | **03/31/2019** | **IFRS 16 impact** | **04/01/2019** |
|---|---|---|---|
| **Equity - Group share** | | | |
| Issued capital | 13,932 | | 13,932 |
| Retained earnings and reserves | (113,958) | | (113,958) |
| Total equity - Group share | **(100,026)** | **0** | **(100,026)** |
| **Non-controlling interests** | **287** | | **287** |
| **Non-current liabilities:** | | | |
| Provisions for pensions and other post-employment benefit | 397 | | 397 |
| Deferred tax liabilities | 1,107 | | 1,107 |
| Bonds and financial liabilities > 1 year | 0 | | 0 |
| Deposits and guarantees received | 541 | | 541 |
| Lease liabilities - > 1 year | 0 | 40,162 | 40,162 |
| Equity investment liabilities > 1 year | 0 | | 0 |
| Other non-current liabilities | 9,342 | | 9,342 |
| **Total non-current liabilities** | **11,386** | **40,162** | **51,548** |
| **Current liabilities:** | | | |
| Bonds and financial liabilities < 1 year | 182,216 | | 182,216 |
| Lease liabilities - < 1 year | | 7,415 | 7,415 |
| Provisions for risks and expenses | 5,380 | (3,013) | 2,367 |
| Trade payables | 53,616 | | 53,616 |
| Equity investment liabilities | 0 | | 0 |
| Other financial liabilities | 54,579 | | 54,579 |
| Other current liabilities | 18,385 | | 18,385 |
| **Total current liabilities** | **314,176** | **4,402** | **318,578** |
| **Total liabilities** | **225,822** | **44,565** | **270,387** |

The new standards, amendments to standards and interpretations that came into force for financial years opened after January 1, 2019, had no significant impact on the Group's financial statements:

- Amendments to IFRS 9 – Prepayment Features with Negative Compensation;
- IFRIC 23 "Uncertainty over Income Tax Treatments";
- IAS 28 "Investments in Associates and Joint Ventures";
- Amendments to IAS 19 – Amendments, Curtailments or Settlements.

***Accounting standards or interpretations yet to be applied by the Company***

The IASB has published standards and interpretations that had not been adopted by the European Union as of September 30, 2019; to date these have not been applied by the Company:

- Amendments to IAS 28 and IFRS 10;
- Amendments to IFRS 3;
- Amendments to IAS 1 and IAS 8.

The IASB published standards and interpretations which were adopted by the European Union on September 30, 2019, applicable from financial years beginning January 1, 2020. These texts were not applied in anticipation.

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, 2019. Goodwill is completely impaired.

### 3.2 Intangible assets

| *(in thousands of euros)* | **03/31/2019** | Movements of the period | | | **09/30/2019** |
|---|---|---|---|---|---|
| | | + | - | *Other (1)* | |
| Films and audiovisual rights | 1,423,629 | 240 | - | 417 | 1,424,285 |
| Production costs | 104 | - | - | - | 104 |
| Preliminary expenses | 16,416 | | (15) | - | 16,402 |
| Other | 81,784 | 2 | - | 2,404 | 84,190 |
| **Gross amount** | **1,521,933** | **242** | **(15)** | **2,821** | **1,524,981** |
| Films and audiovisual rights | (1,355,819) | (22,958) | - | (417) | (1,379,193) |
| Other | (81,675) | (9) | - | (2,404) | (84,088) |
| **Depreciation/Provisions** | **(1,437,494)** | **(22,966)** | **-** | **(2,821)** | **(1,463,281)** |
| **Net amount** | **84,439** | **(22,725)** | **(15)** | | **61,700** |
| *(1) Changes in scope, transfers between items, Forex effect.* | | | | | |

At September 30, 2019, the net book value of intangible assets breaks down as follows:

| *(in thousands of euros)* | **09/30/2019** | **03/31/2019** |
|---|---|---|
| Preliminary expenses | 1,570 | 1,522 |
| Production costs | - | - |
| Completed films | 60,027 | 82,809 |
| Other intangible assets | 103 | 109 |
| **TOTAL INTANGIBLE ASSETS** | **61,700** | **84,439** |

The decrease in the net value of intangible assets over the period is primarily linked to the amortization of films in the amount of €23 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, 2019, the residual net book value of projects having had their first expense recognized less than five years ago stood at €1.6 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, 2019. 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, 2019.
At September 30, 2019, "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, 2019, 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)* | **03/31/2019** | Movements of the period | | | **09/30/2019** |
|---|---|---|---|---|---|
| | | + | - | *Other (1)* | |
| Plant, machinery and equipment | 11,641 | - | - | - | 11,641 |
| Land, buildings | 19,983 | - | - | - | 19,983 |
| Other property, plant and equipment | 3,862 | - | - | 8 | 3,870 |
| **Gross amount** | **35,486** | **-** | **-** | **8** | **35,494** |
| Plant, machinery and equipment | (9,178) | (1,535) | - | - | (10,712) |
| Land, buildings | (13,610) | (2,150) | - | - | (15,760) |
| Other property, plant and equipment | (3,469) | (132) | - | (94) | (3,695) |
| **Depreciation/Provisions** | **(26,256)** | **(3,816)** | **-** | **(94)** | **(30,167)** |
| **Net amount** | **9,230** | **(3,816)** | **-** | **(87)** | **5,327** |
| *(1) Changes in scope, transfers between items, Forex effect.* | | | | | |

Property, Plant and Equipment mainly include assets held by Digital Factory (buildings, facilities and technical equipment at the Normandy site and the Saint-Denis site). Following the reduction in space rented by EuropaCorp and Digital Factory at La Cité du Cinéma, €3.3 million in non-recurring depreciation of fixtures and fittings were recognized in the period.

### 3.4 Other financial assets

Other financial assets mainly include deposits and guarantees maturing beyond one year and non-consolidated securities (held by Sofica EuropaCorp).

| *(in thousands of euros)* | **09/30/2019** | **03/31/2019** |
|---|---|---|
| Non-consolidated securities | 500 | 500 |
| Loans and other receivables | 610 | 610 |
| Deposits and guarantees > 1 year | 6,912 | 6,741 |
| **Net amount** | **8,022** | **7,851** |

Deposits and guarantees maturing beyond one year mainly comprise commitments made by EuropaCorp under the commercial lease agreement for the La Cité du Cinéma premises (€1.6 million).

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

### 3.5 Investments in associates

| *(in thousands of euros)* | **09/30/2019** | **03/31/2019** |
|---|---|---|
| SCI Les Studios de Paris | - | - |
| **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)* | **09/30/2019** | **03/31/2019** |
|---|---|---|
| Trade receivables - nominal value | 26,954 | 32,766 |
| Provision for trade receivables depreciation | (5,106) | (4,093) |
| **Net value of trade receivables** | **21,848** | **28,673** |
| **Contract assets** | **22,732** | **14,716** |
| **Total trade receivables** | **44,580** | **43,389** |

Receivables are recognized at their nominal value after deducting the depreciation provisions for non-recoverable amounts. Doubtful receivables are estimated when it is no longer likely that the amount due will be recovered in full. Non-recoverable receivables are accounted under losses if identified as such.

Receivables beyond one year are due primarily by French television channels.

To secure the ongoing funding it needs for its business, EuropaCorp pledges part of these receivables as collateral for loans granted by lending institutions. However, the amounts due remain under trade receivables in the statement of financial position, as only settlement is transferred to the banks.

### 3.7 Other receivables

**Detail of receivables by type:**

| *(in thousands of euros)* | **09/30/2019** | **03/31/2019** |
|---|---|---|
| Advances and down-payments to suppliers | 1,631 | 1,580 |
| Support funds & COSIP (audiovisual support) | 11,113 | 11,123 |
| Tax and social security credits | 8,554 | 9,303 |
| Other receivables | 10,348 | 9,730 |
| **Gross amount** | **31,648** | **31,736** |
| Depreciation provisions | (2,053) | (1,981) |
| **Net amount** | **29,595** | **29,755** |

At September 30, 2019, the CNC receivable broke down as follows: €8.6 million for the "Producer" subsidies fund, €1.7 million for the "Distributor" fund, €0.5 million for the "Video" publisher fund, and €0.3 million for the "Export" subsidies fund.

Other receivables primarily include the current account of SCI Les Studios de Paris and amounts owed by external co-producers.

### 3.8 Equity

#### 3.8.1 Breakdown of the share capital

At September 30, 2019, the share capital remains at €13,932,353.06. It is divided into 40,977,509 fully paid-up ordinary shares of the same category, with a par value of €0.34 each.

#### 3.8.2 Dividends

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

#### 3.8.3 Award of free shares

On September 1, 2015, the single shareholder of EuropaCorp Television approved the establishment of a plan to assign free shares to the two Chief Executive Officers of this company.

The purpose of the plan was to strengthen the links existing between the company and its corporate officers, by offering them the possibility to have greater involvement in the development and future performance of the company.
For each of the beneficiaries, the freely assigned shares would be definitively acquired at the end of an acquisition period of two years from the award decision taken on September 1, 2015. They must be retained in registered form and may not be transferred during a retention period of two years from expiration of the acquisition period.
Consequently, on September 1, 2017, EuropaCorp allocated 5,392 new shares with a par value of one euro each to the Chief Executive Officer of EuropaCorp Television, Thomas Anargyros.

### 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)* | **09/30/2019** | **03/31/2019** |
|---|---|---|
| Deposits and guarantees received | 514 | 541 |
| Other loans and related debt > 1 year | - | - |
| **Total Loans Maturing > 1 year** | **514** | **541** |
| Other loans and related debt < 1 year | 375 | 375 |
| Production credits | 194,249 | 181,173 |
| Bank loans and overdrafts | 442 | 668 |
| Marketable securities | (678) | (678) |
| Cash and cash equivalents | (30,910) | (22,231) |
| **Net debt** | **163,991** | **159,847** |

This slight increase in debt since March 31, 2019, is mainly due to the capitalization of interest on the secondary credit line (to recap, the secondary credit line carries interest at an annual rate of 15% for the whole line, of which 6% is payable each quarter, and 9% is capitalized and payable on the maturity date of the credit).

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, 2019, the marketable securities consisted of shares in money market mutual funds.

### 3.10 Leases

| *(in thousands of euros)* | **09/30/2019** |
|---|---|
| **Right-of-use of leased assets** | **12,418** |
| Lease liabilities > 1 year | (12,506) |
| Lease liabilities < 1 year | (3,626) |
| **Total lease liabilities** | **(16,132)** |

In accordance with IFRS 16, the leases in place at March 31, 2019 were reclassified as rights-of-use and rental debt liability at April 1, 2019.

| (in thousands of euros) | 03/31/2019 | IFRS implementation | Contractual developments | Variation | 09/30/2019 |
|---|---|---|---|---|---|
| **Right-of-use of leased assets** | **0** | 44,565 | (27,448) | (4,698) | 12,418 |
| Lease liabilities > 1 year | 0 | (40,162) | 27,805 | (149) | (12,506) |
| Lease liabilities < 1 year | 0 | (7,415) | 154 | 3,634 | (3,626) |
| **Total lease liabilities** | **0** | (47,577) | 27,960 | 3,485 | (16,132) |

### *Impacts of IFRS 16 on the consolidated profit and loss statement*

The table below sets out the impact of IFRS 16 on each of the items in the profit and loss statement for the half-year.

| *(amounts in thousands of euros, except for the number and data per share)* | 09/30/2019 published | IFRS 16 impact | 09/30/2019 excluding IFRS 16 impact |
|---|---|---|---|
| Revenue | 40,698 | | 40,698 |
| **Operating income** | **40,698** | **0** | **40,698** |
| Cost of sales | (27,513) | | (27,513) |
| **Operating margin** | **13,185** | **0** | **13,185** |
| Overheads | (9,694) | 440 | (10,134) |
| Other operating income and expense | (5,193) | 5,921 | (11,114) |
| **Operating profit (loss)** | **(1,701)** | **6,361** | **(8,062)** |
| Income from financial investments/(Cost of financial debt) | (10,744) | | (10,744) |
| Other financial income and expenses | (5,771) | (1,863) | (3,908) |
| **Financial income** | **(16,515)** | **(1,863)** | **(14,652)** |
| **Income from recurring operations before taxes** | **(18,217)** | **4,498** | **(22,715)** |
| Income tax | (3,985) | (1,301) | (2,685) |
| Share of net income of associates | (550) | | (550) |
| **Net income** | **(22,752)** | **3,197** | **(25,949)** |

## 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:

| | 09/30/2019 | | *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 | Available-for-sale assets | Loans and receivables | Debts at amortized cost | Derivative instruments |
| Non-consolidated equity holdings | | | | | | | |
| Other non-current financial assets | 8,022 | 8,022 | | | 8,022 | | |
| Other current financial assets | 60 | 60 | | | 60 | | |
| Derivative instruments - assets | | | | | | | |
| Cash and cash equivalents | 31,588 | 31,588 | 31,588 | | | | |
| **Financial assets** | **39,670** | **39,670** | **31,588** | **-** | **8,082** | **-** | **-** |
| Debt > 1 year | 514 | 514 | | | 514 | - | |
| Debt < 1 year | 195,066 | 195,066 | - | | | 195,066 | |
| Derivative instruments - liabilities | | | | | | | |
| **Financial liabilities** | **195,580** | **195,580** | **-** | **-** | **514** | **195,066** | **-** |

| | 03/31/2019 | | *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** | **Available-for-sale assets** | **Loans and receivables** | **Debts at amortized cost** | **Derivative instruments** |
| Non-consolidated equity holdings | | | | | | | |
| Other non-current financial assets | 7,851 | 7,851 | | | 7,851 | | |
| Other current financial assets | 48 | 48 | | | 48 | | |
| Derivative instruments - assets | | | | | | | |
| Cash and cash equivalents | 22,909 | 22,909 | 22,909 | | | | |
| **Financial assets** | **30,808** | **30,808** | **22,909** | | **7,899** | | |
| Debt > 1 year | 541 | 541 | | | 541 | | |
| Debt < 1 year | 182,216 | 182,216 | | | | 182,216 | |
| Derivative instruments - liabilities | | | | | | | |
| **Financial liabilities** | **182,757** | **182,757** | | | **541** | **182,216** | |

IFRS 7 requires the classification of assets and liabilities measured at fair value according to a three-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.

- *<u>Interest rate risk:</u>*

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, 2019:

| *(in thousands of euros)* | **09/30/2019** | ***Maturities*** | | |
|---|---|---|---|---|
| | | **< 1 year** | **1-5 years** | **> 5 years** |
| Fixed-rate financial assets | - | | | |
| Variable-rate financial assets | 31,588 | 31,588 | | |
| Financial assets not exposed | 8,082 | 60 | 7,412 | 610 |
| **Financial assets** | **39,670** | **31,648** | **7,412** | **610** |
| Fixed-rate financial liabilities | - | | | |
| Floating-rate financial assets | 195,066 | 195,066 | | |
| Financial liabilities not exposed | 514 | | 514 | |
| **Financial liabilities** | **195,580** | **195,066** | **514** | **-** |

The following is a summary of the fluctuations in interest rate risk and sensitivity at September 30, 2019 (assumption used: 0.5-point increase in interest rates):

| *(in thousands of euros)* | **Fixed rate** | **Variable rate** | **Not exposed** | **Total** |
|---|---|---|---|---|
| Financial assets | | 31,588 | 8,082 | 39,670 |
| Financial liabilities | | 195,039 | 541 | 195,580 |
| **Net equity before hedging** | **-** | **(163,451)** | **7,541** | **(155,909)** |
| "Hedging" | | - | | - |
| Net equity after hedging | - | (163,451) | 7,541 | (155,909) |
| **Sensitivity** | **-** | **(817)** | | **(817)** |

- *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, 2019, 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. There is usually a period of several months between the time investments are made to produce and promote a film and the time the exploitation receipts are actually collected. This temporary delay can mean that bank loans have to be taken out. 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.

To bridge the gap between the timing of investments and the collection of revenues from film distribution under optimum conditions, EuropaCorp has a senior credit line for a total amount of $190 million (of which 11.8% in dollars, i.e. $22.5 million, and 88.2% in euros, i.e. €149 million). This senior credit line is accompanied by an accordion clause that allows the amount of the credit to be raised, if necessary, by an additional $150 million.

In addition, this credit line is supplemented by a second lien credit facility, which is subordinated for a total additional amount of $80 million.

The maturity of the Senior credit line is five years, for a maturity date of October 21, 2019. It 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 maturity of the secondary credit line of $80 million is five years and six months, i.e. maturing on April 21, 2020. This credit bears interest at the rate of 15%, of which 6% is payable quarterly, with the balance being capitalized and payable on the maturity date of the credit.

Despite the implementation of internal reorganization measures and the refocusing of strategy on its core business activities, particularly through the disposal of non-strategic businesses, the Group is not able to meet the repayment obligations of the senior and secondary credit lines due on October 21, 2019 and April 21, 2020 respectively. In May 2018, discussions were initiated with all Group creditors to negotiate alternative terms for settling its debts or contributing new capital. In addition, the Company successively appointed two investment banks to facilitate a refinancing of the Group, which resulted in the receipt of non-binding offers from potential investors. In view of this situation and of the uncertain outcome of the various negotiations, the Company and nine of its subsidiaries petitioned the Commercial Court of Bobigny to open safeguard proceedings.

On April 30, 2019, EuropaCorp SA and nine of its subsidiaries, EuropaCorp Home Entertainment SAS, Blue Advertainment SAS, Orchestra SAS, EuropaCorp Distribution SAS, EuropaCorp Télévision SAS, Valerian Holding SAS, Digital Factory SAS, T5 Production SAS and Valerian SAS, petitioned the Commercial Court of Bobigny for the safeguard proceedings pursuant to Article L.620-1 of the French Commercial Code.

All companies concerned took on the role of guarantor for the principal and secondary revolving credit lines of October 22, 2014, modified on September 30, 2016 (see Sections 10 and 22 of the 2018/2019 Registration Document filed with the AMF on July 19, 2019), for which the main debtor is the U.S. subsidiary EuropaCorp Films USA. The Group is seeking financial partners who will enable the main debtor company and the group of guarantor companies to meet their obligations. In view of the circumstances, these companies sought the protection of the Court so that any potential financial restructuring plans may be implemented under favorable conditions.

In judgments handed down on May 13, 2019, the Commercial Court upheld these claims and initiated a 6-month period of observation for each of the relevant companies until November 13, 2019. The Court appointed Marc Nouvion as the supervisory judge; SELAFA MJA, represented by Maitre Axel Chuine, and SARL Bally were appointed judicial agents; SELARL FHB, represented by Maitre Hélène Bourbouloux, and SCP Patrice Brignier were appointed as court-appointed administrators.

The creditors of the credit lines and those holding equity interests (see Sections 10 and 22 of the 2018/2019 Registration Document filed with the AMF on July 19, 2019) granted waivers, valid until October 31, 2019, through which they waived the acceleration clause for the sums owed to them due to initiation of the safeguard proceedings, in accordance with the provisions of the French public order. The judgment ordering EC Films USA to open safeguard proceedings, handed down on October 17, 2019, resulted in the repayment of these debts being suspended.

- *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, 2019:

| *(in thousands of euros)* | **09/30/2019** |
|---|---|
| Trade receivables | 44,580 |
| Marketable securities | - |
| Other receivables exposed to credit risk | - |
| Total | 44,580 |

- *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, 2019.
In addition, at September 30, 2019, EuropaCorp held 61,726 treasury shares with a value of €60 thousand.

| *(in thousands of euros)* | **Other companies' or UCITS shares portfolio** | **Treasury shares portfolio** |
|---|---|---|
| Assets position | Nil | 60 |
| Off-balance sheet | Nil | - |
| **Overall assets position** | **Nil** | **60** |

### 3.12 Trade payables and other current liabilities

**Breakdown of other liabilities by type:**

| *(in thousands of euros)* | **09/30/2019** | **03/31/2019** |
|---|---|---|
| **Trade payables** | **43,526** | **53,616** |
| **Equity investment liabilities** | **-** | **-** |
| Advances and down-payments on orders | 975 | 746 |
| Taxes and social security contributions payable | 11,960 | 11,614 |
| Miscellaneous liabilities | 42,654 | 42,219 |
| **Total other financial liabilities** | **55,589** | **54,579** |
| **Total operating liabilities** | **99,116** | **108,195** |

Miscellaneous liabilities at September 30, 2019, are mainly expenses comprising repayments to rights-holders and the debt of €38.6 million (equivalent to $42 million) used to finance the repurchase of the Group's initial obligations towards Relativity incurred during the financial year ended March 31, 2015. This operating liability was not discounted at September 30, 2019.

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 €714 thousand at September 30, 2019, relating to productions yet to be released via the chosen media.
Other current assets also included the portion of bank commissions with maturity within one year, for €193 thousand, spread over the life of the two credit lines, as well as €60 thousand in treasury shares.

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, 2019. 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 €13,767 thousand.

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

| *(in thousands of euros)* | **09/30/2019** | **03/31/2019** |
|---|---|---|
| Subsidies | 522 | 522 |
| Other deferred income | 449 | 1,140 |
| **Total deferred income** | **971** | **1,662** |
| TV rights items | 18,011 | 19,750 |
| Undelivered international sales | 2,756 | 4,143 |
| **Total contract liabilities** | **20,766** | **23,893** |
| **Total other** | **2,434** | **2,172** |
| **Total other current and non-current liabilities** | **24,172** | **27,726** |

NOTE 4 – NOTES TO THE CONSOLIDATED PROFIT AND LOSS STATEMENT

## 4.1 Revenue

| *(in thousands of euros)* | **09/30/2019** | **09/30/2018** |
|---|---|---|
| Production | 30,217 | 52,821 |
| Distribution | 6,797 | 6,124 |
| Video | 2,958 | 8,829 |
| Events | 134 | 107 |
| Miscellaneous | 592 | 12,943 |
| **Revenue** | **40,698** | **80,823** |
| *Of which support funding generated* | *890* | *2,305* |
| *Of which revenue from exports* | *15,637* | *19,348* |

Consolidated revenue for EuropaCorp Group was €40.7 million, compared with €80.8 million for the first half of the previous financial year, i.e. a decrease of 50%.

“Production” revenue:

International sales stood at €9.3 million, or approximately 23% of total revenue. They decreased by €2.5 million compared with the first half of the previous financial year (€11.8 million at September 30, 2018). They include in particular the latest deliveries of *Kursk* and *Anna*, *Nous finirons ensemble (Little White Lies 2)* as well as royalties for the films *Lucy* and *Taken 3*.

Television & SVOD sales in France and the United States totaled €16.7 million in the first half of the 2019/2020 financial year, i.e. 41% of total revenue, down €1.6 million (-9%) on the first half of the previous financial year (€18.3 million at September 30, 2018). They include the opening of new distribution rights in France, particularly in the case of *Renegades* and *I Feel Better*, and the sale of *Valerian and the City of a Thousand Planets* for American cable. The revenue from the TV Series activity stood at €3.1 million (royalties from the series *Taken*), compared with €19.8 million in the first half of the 2018/2019 financial year in view of the delivery to NBC in the first half of 2018/2019 of the six latest episodes of season 2 of *Taken.*

Revenues from derivative rights (partnerships, licenses, etc.), post-production and co-production signed by the Group totaled €1.0 million in the first half of the year, compared with €14.0 million in the first half of the previous financial year. This decrease is linked to the presence of significant revenue from line production (*Kursk*) and coproduction (*Taxi 5*) in the first half of the 2018/2019 financial year.

The other item of “Production” revenue is the “Producer” financial subsidy (€0.7 million).

“Distribution” revenue:

Theater admissions in France generated €6.6 million in revenue, i.e. 16% of total revenue due in particular to the release of *Nous finirons ensemble (Little White Lies 2)* during the period, compared to €5.7 million during the first half of the previous financial year with the release of *Taxi 5* in particular.

The other item of “Distribution” revenue is the “Distributor” financial subsidy (€0.2 million).

“Video” revenue:

The Video & VOD segment in France and the United States stood at €3.0 million and represented around 7% of the half-year revenue, compared to €8.8 million during the first half last year. The main sales were of catalog films, *Valerian and the City of a Thousand Planets* and *Renegades* in the United States, and of *Taxi 5* 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.

"Events" Revenue:

The Events activities generated revenues of €0.1 million and correspond to the revenues generated by Blue Event.

## 4.2 Operating margin

The operating margin of the EuropaCorp Group was up 40% to €13.2 million at September 30, 2019 (i.e. 32% of operating margin ratio) compared to €9.4 million for first half of the previous financial year (i.e. 12% of revenue). This profit margin is mainly due to the high margin from the exploitation of the catalog.

## 4.3 Overheads

Overheads amounted to €9.6 million for the half-year ended September 30, 2019, decreasing compared to the level of overheads relative to the first half of the previous financial year, namely €13.6 million. These savings of €4.0 million compared to September 30, 2018 (-29%) confirm the effectiveness of the measures implemented by the Group to reduce general and administrative expenses.

## 4.4 Other operating income and expense

Other operating income and expenses stood at -€5.2 million (compared to -€51.0 million in the first half of the previous financial year) and include non-recurring expenses of the same amount, primarily fees associated with restructuring of the debts, in the process of being finalized and non-recurring depreciation for fixtures and fittings.

## 4.5 Financial income

| *(in thousands of euros)* | **09/30/2019** | **09/30/2018** |
|---|---|---|
| Net debt financial income | (10,744) | (8,485) |
| Other financial income and expenses | (5,771) | (7,718) |
| **Financial income** | **(16,515)** | **(16,204)** |

Financial income amounted to -€16.5 million over the first half-year, compared with -€16.2 million for the first half of the 2018/2019 financial year. This deficit is mainly due to the significant cost of financial debt, at around -€11 million and exchange rate losses of around -€4 million associated with variations in the €/$ exchange rate since March 31, 2019.
"Other financial income and expenses" mainly include realized and unrealized foreign exchange differences, as well as the share of bank fees relating to the establishment of credit lines (including costs related to lines that have been refinanced), which are spread over the maturity of those credit lines. As stated previously, these fees were paid in full during previous financial years.

## 4.6 Tax

Breakdown of tax by type:

| *(in thousands of euros)* | **09/30/2019** | **09/30/2018** |
|---|---|---|
| Current tax | 50 | (1) |
| Deferred tax | (4,036) | (9,340) |
| **Total tax income / (expense)** | **(3,985)** | **(9,342)** |

The deferred tax charge for the financial year mainly corresponds to the variation in deferred taxes on temporary differences in the amount of -€3 million, the use of the deferred tax asset related to the capitalized tax losses carried forward of the EuropaCorp Films USA subsidiary for €0.9 million and the IFRS 16 restatement for -€1.3 million.

## NOTE 5 – OTHER INFORMATION

### 5.1 Notes on the statement of cash flows

*Cash flows from operations*

At September 30, 2019, operating activity generated a net cash flow of €10.8 million, compared to €35.6 million at September 30, 2018. This decrease is due in particular to revenues from Theaters being concentrated in the first month of the second half of the 2019/2020 financial year and the small number of films released in France and/or delivered overseas in the first half of 2019/2020.

*Cash flows from investments*

As of September 30, 2019, net cash used in investing activities amounted to -€1.7 million compared to -€13.5 million as of September 30, 2018, a decrease of €11.8 million, mainly due to a decrease in investments in film and TV series production, which amounted to -€0.2 million compared to -€9.8 million as of September 30, 2018. Indeed, given ongoing restructuring operations, there was practically no investment in the period.

*Cash flows from financing*

At September 30, 2019, there was no net cash from financing with drawings offsetting the reduction in rental liabilities.

### 5.2 Related-party transactions

Agreements signed with related parties were identified in the 2018/2019 Registration Document filed with the French Financial Markets Authority (AMF) on July 19, 2019, in Section 19 "Related-party agreements" and Note 5.2 "Related-party transactions".
Besides those described in the 2018/2019 Registration Document, there were no new agreements with related parties made during the first half of 2019.

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

| *(in thousands of euros)* | **09/30/2019** | **03/31/2019** |
|---|---|---|
| **Statement of financial position** | | |
| ***Receivables*** | | |
| Trade receivables and other operating receivables | 626 | 326 |
| Debit balances and other current financial receivables | - | - |
| ***Debt*** | - | |
| Other non-current financial liabilities | 6 | 6 |
| Trade payables and other operating liabilities | 76 | 221 |
| Financial current accounts receivables | - | - |
| | - | |
| **Profit and loss statement** | - | - |
| Revenue | 18 | 4 |
| Operating expenses | - | (605) |
| Financial expenses | - | - |
| Financial income | - | - |

### 5.3 Commitments and contingent liabilities

The Group's off-balance sheet commitments at September 30, 2019, are as follows (in thousands of euros):

| **Commitments received by EuropaCorp (in thousands of euros)** | **09/30/2019** | **03/31/2019** |
|---|---|---|
| Commitments received from clients | | |
| *For the cinematographic business* | *3,840* | *12,639* |
| *Support funds for audiovisual activities (top-up)* | *2,778* | *1,967* |
| Financial commitments for leases* | 11,413 | 12,681 |
| **Total commitments received** | **18,031** | **27,287** |
| ** Relates to the sub-lease agreements for the La Cité du Cinéma business park.* | | |
| | | |
| **Commitments made to third parties (in thousands of euros)** | **09/30/2019** | **03/31/2019** |
| Financial commitments for leases** | 0 | 36,891 |
| Vine Participation | 41,326 | 40,053 |
| Financial commitments for cinematographic investments | 0 | 0 |
| **Total commitments made** | **41,326** | **76,945** |
| *** 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)** | **-23,296** | **-49,658** |

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

- ***Safeguarding period***

On October 17, 2019, the Commercial Court of Bobigny issued a judgment to open safeguard proceedings for EuropaCorp Films USA for an initial period of six months.

In a judgment dated October 29, 2019, the Commercial Court of Bobigny extended the observation period for the safeguard proceedings for EuropaCorp SA and nine of its subsidiaries for a six-month period to enable the Company to finalize its safeguard plan.

<u>NOTE 6 – OPERATING SEGMENTS AND DATA BY SEGMENT</u>

## 6.1 Overview of the standard

### <u>6.1.1 General context</u>

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.

### <u>6.1.2 Definition of operating segments</u>

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:

- *<u>Production and distribution of films</u>*:
  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.

- *<u>Production and distribution of TV films and series</u>*:
  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;

- *<u>Events</u>*:
  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.

- *<u>Other</u>*: 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

| 09/30/2019 | 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 | 52,769 | 8,931 | 0 | 0 | | 61,700 |
| Property, Plant and Equipment (net) | 17,738 | 0 | 3 | 5 | | 17,745 |
| Other net financial assets | 7,051 | 0 | 0 | 0 | | 8,022 |
| Investments in associates | 0 | 0 | 0 | 0 | | 0 |
| Deferred tax assets | 19,204 | 30 | 54 | 12 | | 19,301 |
| Other net non-current assets | 0 | 0 | 0 | 0 | | 0 |
| *Total non-current assets* | *96,762* | *8,962* | *57* | *16* | | *106,768* |
| Inventory | 564 | 0 | 0 | 0 | | 564 |
| Net trade receivables | 38,975 | 5,411 | 173 | 20 | | 44,580 |
| Other net receivables | 26,614 | 1,524 | 86 | 1,371 | | 29,595 |
| Other net current assets | 1,574 | 0 | 3 | 0 | | 967 |
| Cash and cash equivalents | 30,284 | 859 | 224 | 222 | | 31,588 |
| *Total current assets* | *98,010* | *7,794* | *486* | *1,613* | | *107,294* |
| **TOTAL ASSETS** | **194,772** | **16,756** | **543** | **1,629** | | **214,062** |

| | | | | | | |
|---|---|---|---|---|---|---|
| *Equity - Group share* | | | | | *-124 141* | *-124 141* |
| *Non-controlling interests* | | | | | *289* | *289* |
| Provisions for pensions and other post-employment benefit | 417 | 0 | 0 | 0 | | 417 |
| Deferred tax liabilities | 0 | 1,096 | 0 | 69 | | 1,165 |
| Bonds and financial liabilities > 1 year | 0 | 0 | 0 | 0 | | 0 |
| Lease liabilities - > 1 year | 12,506 | | | | | 12,506 |
| Deposits and guarantees received | 514 | 0 | 0 | 0 | | 514 |
| Equity investment liabilities - > 1 year | 0 | 0 | 0 | 0 | | 0 |
| Other non-current liabilities | 8,090 | 80 | 200 | 2,034 | | 10,404 |
| *Total non-current liabilities* | ***21,527*** | ***1,176*** | ***200*** | ***2,103*** | | ***25,007*** |
| Bonds and financial liabilities < 1 year | 194,992 | 73 | 0 | 0 | | 195,066 |
| Lease liabilities - < 1 year | 3,626 | | | | | 3,626 |
| Provisions for risks and expenses | 1,327 | 0 | 0 | 5 | | 1,332 |
| Trade payables | 38,553 | 1,424 | 51 | 3,499 | | 43,526 |
| Equity investment liabilities | 0 | 0 | 0 | 0 | | 0 |
| Other financial liabilities | 52,875 | 2,543 | 72 | 99 | | 55,589 |
| Other current liabilities | 13,767 | 0 | 0 | 0 | | 13,767 |
| *Total current liabilities* | ***305,141*** | ***4,040*** | ***123*** | ***3,603*** | | ***312,907*** |
| **TOTAL LIABILITIES** | **326,668** | **5,216** | **323** | **5,706** | | **214,062** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Films and audiovisual rights investments | 225 | | | | | 225 |

### 6.3.2 Consolidated profit and loss statement by operating segment

| 09/30/2019 | Production and distribution of films | Production and distribution of TV films and series | Events | Other | Total |
|---|---|---|---|---|---|
| **Revenue** | **36,814** | **3,125** | **134** | **625** | **40,698** |
| Cost of sales | **(24,242)** | (2,923) | (1) | (347) | (27,513) |
| ***Operating margin*** | ***12,572*** | ***202*** | ***133*** | ***278*** | ***13,185*** |
| General and administrative expenses | (9,694) | 0 | 0 | 0 | (9,694) |
| Other operating income and expenses | (5,193) | 0 | 0 | 0 | (5,193) |
| ***Operating profit (loss)*** | ***(2,314)*** | ***202*** | ***133*** | ***278*** | ***(1,701)*** |
| ***Financial income*** | **(16,515)** | **0** | **0** | **0** | ***(16,515)*** |
| Income tax | (693) | 0 | 14 | (3,305) | (3,985) |
| Share of net income of associates | 0 | 0 | 0 | (550) | (550) |
| Share of non-controlling interests | 0 | 5 | (11) | 0 | (6) |
| ***Net income - Group share*** | ***(19,523)*** | ***196*** | ***158*** | ***(3,577)*** | ***(22,746)*** |

## APPENDIX 6 – CROSS-REFERENCE TABLE

This Registration Document contains all the elements of the EuropaCorp management report, as required by Articles L.225-100 et seq, L.232-1 II and R.225-102 of the French Commercial Code. It also contains the disclosures contained in the annual financial report referred to in Article L.451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF General Regulations, as well as the schedule of fees paid to the Company's Statutory Auditors, as referred to in Articles 222-7 and 222-8 of the AMF General Regulations.

To facilitate the reading of the management report and the annual financial report mentioned above, the cross-reference table below can be used to identify the different section headings. The cross-reference table also mentions the other reports prepared by the Board of Directors and auditors, and includes the schedule of fees paid to the Company's Statutory Auditors.

| No. | Information | Reference |
|---|---|---|
| I | Management report | |
| 1 | Location and activities of EuropaCorp and EuropaCorp Group during the financial year and, if applicable, its subsidiaries and the companies it controls | Section 5<br>Sections 7.1 and 7.4<br>Section 18.7 |
| 2 | Changes to the method of presentation of the financial statements or valuation methods used in previous years | Note 2 of Appendix 1 |
| 3 | Results of operations of EuropaCorp and EuropaCorp Group, its subsidiaries and the companies it controls | Sections 7.1 and 7.4<br>Appendix 1 |
| 4 | Financial key performance indicators for EuropaCorp and EuropaCorp Group | Section 7 |
| 5 | Environmental and social key performance indicators | Section 15 |
| 6 | Analysis of the business, earnings and financial position of EuropaCorp and EuropaCorp Group | Sections 7.2, 7.4 and 18.7 |
| 7 | Progress made or difficulties encountered by EuropaCorp and EuropaCorp Group | Sections 7.4 and 18.7<br>Appendix 1 |
| 8 | Description of the main risks and uncertainties faced by EuropaCorp and EuropaCorp Group (including the exposure of EuropaCorp and EuropaCorp Group to financial risks) | Section 3 |
| 9 | Guidance on the use of financial instruments and objectives and policies of EuropaCorp and EuropaCorp Group in terms of financial risk management | Sections 3 and 8 |
| 10 | Significant events since the reporting date for EuropaCorp and EuropaCorp Group | Section 5.3 and 8.2<br>Note 5.5 of Appendix 1 |
| 11 | Foreseeable development and outlook for EuropaCorp and EuropaCorp Group | Sections 10 and 11<br>Section 18.7 |
| 12 | Group cash and debt | Section 8 |
| 13 | Research and development activities of EuropaCorp and EuropaCorp Group | Section 7.1.2 |
| 14 | List of positions and terms of office held by each corporate officer during the past financial year | Section 12.1 |
| 15 | Total compensation and benefits in kind paid to each corporate officer during the past financial year[14] | Sections 13 and 17 |

[14] *This includes the compensation and benefits awarded by EuropaCorp and its subsidiaries, including equity securities, debt securities or securities giving access to the share capital. A distinction should be made between the fixed, variable and exceptional elements comprising compensation and benefits, as well as the criteria by which they are calculated or the*

| No. | Information | Reference |
|---|---|---|
| I | Management report | |
| 16 | Executive share ownership commitment | Section 16.1 |
| 17 | Commitments of any kind made by EuropaCorp and EuropaCorp Group to their corporate officers, corresponding to compensation, indemnities or benefits payable or likely to be payable upon taking, leaving or changing office or subsequent thereto | Section 13 |
| 18 | Transactions carried out by executives in EuropaCorp securities | Sections 12.1 and 16.1 |
| 19 | Information on the workforce | Sections 15.1 and 15.2 |
| 20 | Status of employee profit sharing in the share capital | Section 15.2 |
| 21 | Environmental information | Section 5.7.4 |
| 22 | Information on the risk prevention policy for technological accidents, EuropaCorp's ability to cover its third-party liability for property damage and personal injury arising from classified facilities, and resources set aside for victim compensation in the event of technological accident for which liability attaches to EuropaCorp | *Not applicable* |
| 23 | Holdings acquired in companies whose headquarters are in France and accounting for over one-twentieth, one-tenth, one-fifth, one-third or one-half of the share capital or voting rights of those companies | Section 6.1 and Note 1 of Appendix 1 |
| 24 | Share disposals arising from the regularization of reciprocal shareholdings | *Not applicable* |
| 25 | Individuals or legal entities directly or indirectly holding more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the share capital or voting rights at EuropaCorp General Meetings[15] | Sections 16.1 and 16.3 |
| 26 | Penalties or fines for anti-competitive practices[16] | *Not applicable* |
| 27 | Factors likely to have an impact in the event of a public offer:<br><br>Structure of EuropaCorp's capital;<br><br>Restrictions on exercising voting rights and transferring shares provided for in the Articles of Association – Clauses of agreements brought to the notice of EuropaCorp under Article L.233-11 of the French Commercial Code;<br><br>Direct or indirect equity interests in EuropaCorp that exist to its knowledge pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code;<br><br>List of owners of any securities containing any special rights of control and description of these;<br><br>Control mechanisms envisaged by employee share-ownership schemes, if any, where employees do not exercise control themselves;<br><br>Shareholder agreements known to EuropaCorp and that could lead to restrictions on the transfer of shares or the exercise of voting rights;<br><br>Rules governing the appointment and replacement of members of the Board of | Sections 16.1 and 19.1<br><br>*Not applicable*<br><br>Sections 16.1 and 16.3<br><br>Section 16.1<br><br>*Not applicable*<br><br>Sections 16.1 and 16.3 |

*circumstances under which they were established. This also applies to the share ownership requirement for executives who receive stock options or free shares.*

[15] *This information also includes, where applicable, the percentage of treasury shares held by the Company.*

[16] *Only if the French Competition Council requires its inclusion in the management report as an additional measure.*

| No. | Information | Reference |
|---|---|---|
| I | Management report | |
| | Directors and amendment of the Articles of Association of EuropaCorp;<br><br>Powers of the Board of Directors, particularly to issue or buy back shares;<br><br>Agreements entered into by EuropaCorp that are amended or terminate upon a change in control[17];<br><br>Agreements to compensate members of the Board of Directors or employees if they resign or are unfairly dismissed, or if their employment is terminated due to a public offer | Section 14<br>Section 19.2<br><br>Section 19.2<br><br>Section 16.3<br><br>*Not applicable* |
| 28 | EuropaCorp senior management model | Section 19.2 |
| 29 | Information on share buyback programs[18] | Section 19.1 |
| 30 | Calculations and results of the adjustment of securities giving access to the share capital | *Not applicable* |
| 31 | Summary of extant delegations of power to increase the share capital | Section 19.1 |
| 32 | Financial summary for EuropaCorp and EuropaCorp Group over the past five financial years | Appendix 4 |
| 33 | Amount of dividends paid out over the past three financial years[19] | Section 18.5 |
| 34 | Amount of sumptuary expenses and the corresponding tax | *Not applicable* |
| 35 | Adjustments made to taxable income by the authorities to reflect certain financial expenses under Article 39-5 of the French General Tax Code | *Not applicable* |
| 36 | Information on supplier payment times | Note 3.14 of Appendix 1 |
| II | Annual financial report | |
| 1 | Annual financial statements | Appendices 2 and 3 |
| 2 | Consolidated financial statements | Section 18.1, Appendix 1 |
| 3 | Statutory Auditors' report on the separate financial statements | Appendix 3 |
| 4 | Statutory Auditors' report on the consolidated financial statements | Section 18.1 |
| 5 | Management report containing as a minimum the disclosures referred to in Articles L.225-100, L.225-100-2, L.225-100-3 and L.225-211 paragraph 2 of the French Commercial Code<br>Declaration of persons responsible for the management report and the annual financial report | See management report referred to in Section I above<br>Section 1 |
| 6 | Statutory Auditors' fees | Note 5.6 of Appendix 1 |
| III | Other reports | |

[17] *Unless this disclosure, except where legally required, would seriously harm EuropaCorp's interests.*
[18] *This information includes the average buying and selling price, the amount of brokerage fees, the number of shares registered in EuropaCorp's name at the end of the financial year and their value based on the purchase price as well as their par value, the reasons for the purchases and the percentage of the share capital they represent.*
[19] *This information also includes the amount of distributed income eligible for the allowance, as well as the amount that is ineligible, broken down by share class.*

| No. | Information | Reference |
|---|---|---|
| I | Management report | |
| 1 | Statutory Auditors' special report on regulated agreements | Section 17.2 |