# HALF YEAR FINANCIAL REPORT
# AT SEPTEMBER 30, 2019

# A – ACTIVITY REPORT FOR THE FIRST HALF OF 2019/2020

## 1. EuropaCorp Group Results

The EuropaCorp Group's consolidated financial statements for the first half of the 2019/2020 financial year, prepared in accordance with IFRS, showed consolidated revenue of €40.7 million compared with €80.8 million for the first half of the previous financial year. This 50% decrease is due in particular to the presence in 2018/2019 of significant revenue from the TV Series activity (delivery of the latest episodes of Season 2 of "Taken"), as well as substantial revenues from line production ("Kursk") and coproduction ("Taxi 5") as of September 30, 2018.

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.

The consolidated operating margin was up 40% to €13.2 million (i.e. a 32% operating margin ratio) compared to €9.4 million in the 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 catalogue.

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 the first half of the previous financial year (-29%) confirm the effectiveness of the measures implemented by the Group to reduce general and administrative expenses, which had already decreased by €6.9 million (-34%) at September 30, 2018.

Other operating income and expenses stood at -€5.2 million and include non-recurring expenses of the same amount, primarily fees associated with debt restructuring, in the process of being finalized, and non-recurring depreciation for fixtures and fittings at Cité du Cinéma.

Consolidated operating profit was then a negative €1.7 million, as compared to a negative €55.1 million for the first half of the previous financial year (affected by a non-recurring depreciation of the distribution asset in the United States of €51.4 million at September 30, 2018).

Financial income amounted to -€16.5 million over the first half-year, compared with -€16.2 million for the first half of 2018/2019. 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.

Having accounted for -€4.0 million in tax, compared with -€9.3 million at September 30, 2018, the Group recorded net losses for the half-year of €22.7 million compared with losses of €88.9 million in the first half of the previous financial year.

The cash flows from operations amounted to €10.8 million over the first half-year, compared with €35.6 million for the first half of the previous financial year. This decrease is due in particular to receipts from Theaters being concentrated in the first month of the second half of 2019/2020 and the small number of films released in France and/or delivered overseas in the first half of 2019/2020.

## 2. <u>Activities</u>

### *2.1 Production and Distribution of films*

#### 2.1.1 International sales

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. They include in particular the latest deliveries of "Kursk" and "Anna", "Little White Lies 2" (*Nous finirons ensemble*), as well as royalties for the films "Lucy" and "Taken 3".

#### 2.1.2 Distribution in theaters

Revenue from the Theaters activity amounted to €6.6 million compared to €5.7 million in the first half of 2018/2019. The half-year was marked by the release in theaters of "Little White Lies 2" (*Nous finirons ensemble*) with 2.8 million admissions in France.
During the first half of 2019/2020, the films released in theaters (distributed in partnership with Pathé) were the following:

- *"Little White Lies 2"* (*Nous finirons ensemble*), directed by Guillaume Canet, with François Cluzet, Marion Cotillard and Gilles Lellouche. The film was released on May 1, 2019 and achieved 2.8 million admissions;
- "Anna", directed by Luc Besson, with Sasha Luss, Luke Evans, Helen Mirren and Cillian Murphy. The film was released in France on July 10, 2019 and achieved 0.7 million admissions.

#### 2.1.3 Video and VOD releases

Revenue from Video & VOD stood at €3.0 million in France and the United States, compared with €8.8 million 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.

#### 2.1.4 Sales of TV rights

Television & SVOD sales in France and the United States amounted to €16.7 million for the first half of 2019/2020, a decrease of €1.6 million (-9%) compared with the first half of 2018/2019. 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 TV networks.

### *2.2 Production and distribution of TV series and units*

Revenue from the TV Series activity stood at €3.1 million (royalties from the series "Taken"), compared with €19.8 million at September 30, 2018 in view of the delivery in the first half of 2018/2019 of the six latest episodes of season 2 of "Taken" to NBC.

### *2.3 Events*

In the first half of 2019/2020 the Events activity generated revenue of €0.1 million, i.e. the same amount as at September 30, 2018 which corresponds mainly to the events held at Cité du Cinéma during that period.

### *2.4 Subsidies*

Revenue from Subsidies, generated mainly by Production activities, Distribution in theaters (France), Video releases (France) and Export, was €0.9 million compared with €2.3 million over the first half of 2018/2019.

### *2.5 Other activities*

Revenue from the item "Other activities" totaled €1.0 million in the first half of the financial year, compared with €14.0 million in the first half of the previous financial year, a decrease associated with substantial revenue from line production ("Kursk") and coproduction ("Taxi 5") in the first half of 2018/2019.
This activity consists mainly of revenue from partnership contracts and license agreements, music publishing as well as from post-production activities. It also includes revenue from the Group's coproductions as well as revenue from line production.

## 3. Cost of sales

The "Cost of sale" (operating expenses excluding overheads) amounted to -€27.5 million, compared with -71.4 million for the first half of 2018/2019.
The decrease in this item of €44 million is mainly due to a decrease of (i) €11 million associated with TV series (reduced third-parties costs), (ii) €22 million in depreciation and amortization costs (-€23 million versus -€45 million at September 30, 2018) to be viewed in the context of reduced revenues over the period.

## 4. Capital expenditure

Given the ongoing restructuring operations, there was practically no investment in the period (€0.2 million compared to €9.8 million in film production in the first half of 2018/2019).

## 5. Financial structure

As of September 30, 2019, net debt was €164 million compared with €160 million as of March 31, 2019. This increase is mainly due to capitalization of interest due on the secondary credit line.

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

## 6. Significant events since the reporting date

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.

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.

## 7. Risk factors and transactions between related parties

The risk factors are of the same types as those laid out in Chapter 4 of the 2018/2019 Registration Document (pages 10 to 28) and have not materially changed.

The amounts relating to financial and market risks as of September 30, 2019 are stated in Note 3.11 "Financial instruments" to the half-year consolidated financial statements in this report.

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

## 8. Outlook

In light of the loss recorded in the first half-year in particular, EuropaCorp will post a deficit in 2019/2020.

# B – CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED SEPTEMBER 30, 2019 PRESENTED IN ACCORDANCE WITH IFRS

## CONSOLIDATED PROFIT AND LOSS STATEMENT (IFRS 5)

| | | 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

| | 30.09.2019 | 30.09.2018 |
|---|---|---|
| **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 |
| | | |
| **Comprehensive net income total for the period** | **(24,163)** | **(88,564)** |

| ***Breakdown of comprehensive income for the period*** | **30.09.2019** | **30.09.2018** |
|---|---|---|
| Shareholders of the entity | (24,157) | (88,614) |
| Minority interests | (6) | 50 |
| **Total comprehensive income for the period** | **(24,163)** | **(88,564)** |

## 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 STATEMENT OF FINANCIAL POSITION

| *(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)

| *(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 (please refer to 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 D19-0717), 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 pre-conditions.
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 2019/2020, 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 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 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 periods beginning on or after April 01, 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 01, 2019*

- IFRS 16 "Leases", adopted by the European Union on November 9, 2017 for periods beginning on or after January 1, 2019

***Application of standard IFRS 16***

The application of IFRS Standard 16 "Leases" is mandatory for the period beginning April 01, 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 standard 16 since April 01, 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 01, 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 01, 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 standard 16 (amounts in thousands of euros)*

| **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 periods 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 income 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)* | **03/31/19** | 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 and 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 the paragraph 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 U.S. 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 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 and 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 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 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 |
| Provisions 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 coproducers.

## 3.8 Equity

3.8.1 Breakdown of 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 CEOs 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 CEO 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)* | **09/30/19** |
|---|---|
| **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 standard 16, leases in place at 03/31/19 were reclassified as rights-of-use and rental debt liability at 04/01/19.

| *(in thousands of euros)* | **03/31/19** | **IFRS implementation** | **Contractual developments** | **Variation** | **09/30/19** |
|---|---|---|---|---|---|
| **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 standard 16 on the consolidated profit and loss statement***

The table below sets out the impact of IFRS standard 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 3-level hierarchy:

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

The financial instruments used by EuropaCorp are all Level 1.

When carrying out its everyday business, the Group is exposed to interest rate and foreign exchange risks that may impact its net position.

- *Interest rate risk:*

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

The table below summarizes the maturities of financial assets and liabilities at September 30, 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. As a matter of fact, in general, several months pass between the date investments are made to produce and promote a film and the actual collection of broadcasting revenues. 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 (please refer to Chapters 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 six-month period of observation for each of the relevant companies until November 13, 2019. The Court appointed Mr. Marc Nouvion as the Supervisory Judge, the SELAFA MJA represented by Maitre Axel Chuine and the SARL Bally were appointed Judicial Agents, the SELARL FHB represented by Maitre Hélène Bourbouloux and the SCP Patrice Brignier as Court-appointed Administrators.

The creditors of the credit lines and those holding equity interests (please refer to Chapters 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)* | **09/30/19** | **03/31/19** |
|---|---|---|
| **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 period 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)* | **09/30/19** | **03/31/19** |
|---|---|---|
| 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** |
| **Others total** | **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)* | **09/30/19** | **09/30/18** |
|---|---|---|
| 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", "Little White Lies 2" (*Nous finirons ensemble*), 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 2019/2020, 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.
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 2018/2019 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 2018/2019.

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 "Little White Lies 2" (*Nous Finirons Ensemble*) 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 catalogue.

## 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)* | **09/30/19** | **09/30/18** |
|---|---|---|
| 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 2018/2019. 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 reporting periods.

## 4.6 Tax

Breakdown of tax by type:

| *(in thousands of euros)* | **09/30/19** | **09/30/18** |
|---|---|---|
| Current tax | 50 | (1) |
| Deferred tax | (4,036) | (9,340) |
| **Total tax income/(expense)** | **(3,985)** | **(9,342)** |

The deferred tax charge for the 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 2019/2020 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 Chapter 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)* | **09/30/19** | **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 made to EuropaCorp (in thousands of euros) | 09/30/19 | 03/31/19 |
|---|---|---|
| Commitments 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 Cité du Cinéma business park.*

| Commitments made to third parties (in thousands of euros) | 09/30/19 | 03/31/19 |
|---|---|---|
| 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 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.

NOTE 6 – OPERATING SEGMENTS AND DATA BY SEGMENT

## 6.1 Overview of the standard

### 6.1.1 General context

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

### 6.1.2 Definition of operating segments

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

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

## 6.2 Identification of the EuropaCorp Group's operating segments

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

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

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

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

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

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

## 6.3 Financial information by operating segment

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

### 6.3.1 Consolidated statement of financial position by operating segment

| **09/30/2019** | 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)*** |

# C – STATUTORY AUDITORS' REPORT

**Period of April 1 to September 30, 2019**
**Statutory Auditors' report on the interim financial statements**

To EuropaCorp shareholders,

In compliance with the assignment entrusted to us by your General Shareholder's Meetings, and in application of Article L. 451-1-2 III of the French Monetary and Financial Code (*Code Monétaire et financier*), 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 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" 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<br>Represented by<br>Olivier Juramie | Acofex<br>Represented by<br>Arnaud Malivoire |

# D - PERSON RESPONSIBLE FOR THE DOCUMENT

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

Saint-Denis, December 13, 2019

Luc Besson
Chief Executive Chairman