



Public limited company (French *Société Anonyme*) with a Board of Directors
With share capital of €41,862,290.22
Registered office: 20 rue Ampère – 93200 Saint-Denis
RCS Bobigny 384 824 041

ANNUAL REPORT



This annual report was published on July 21, 2023 on the websites of Euronext and EuropaCorp. As a reminder, the Company has been listed on Euronext Growth Paris since November 18, 2021 (transfer from Euronext Paris).

Copies of this annual report are available free of charge from EuropaCorp at 20 rue Ampère – Cité du Cinéma – 93413 Saint-Denis Cedex, as well as on the Company (https://www.europacorp.com/corporate/periodical-financial-reports_1) and Euronext (<https://live.euronext.com/en/product/equities/FR0010490920-XPAP>) websites.

Contents

1. PRESENTATION OF THE GROUP.....	3
1.1 NATURE OF THE OPERATIONS	3
1.2 KEY FIGURES.....	11
1.3 COMPANY HISTORY AND MAJOR EVENTS IN THE DEVELOPMENT OF THE COMPANY AND GROUP.....	12
2. MANAGEMENT REPORT.....	16
2.1 BUSINESS DEVELOPMENT	16
2.2 CHANGES IN THE CONSOLIDATED RESULTS	22
2.3 RISK FACTORS.....	24
2.4 INTERNAL CONTROL	30
2.5 DEBT, BORROWING CONDITIONS AND FINANCING STRUCTURE	31
2.6 SIGNIFICANT EVENTS SINCE THE END OF THE FINANCIAL YEAR	33
2.7 OUTLOOK	33
2.8 SUBSIDIARIES AND CHANGES TO THE GROUP'S SCOPE	34
2.9 DISTRIBUTION OF SHARE CAPITAL AND DELEGATIONS OF THE GENERAL MEETING	37
2.10 CORPORATE GOVERNANCE	40
2.11 PROPOSED ALLOCATION OF NET INCOME FOR THE YEAR.....	40
2.12 NON-DEDUCTIBLE EXPENSES AND CHARGES	41
2.13 SIGNIFICANT AGREEMENTS WITH RELATED PARTIES.....	41
2.14 RESEARCH AND DEVELOPMENT ACTIVITY	46
2.15 EMPLOYEE INFORMATION	46
2.16 CONTROL AND REDUCTION OF ENVIRONMENTAL IMPACTS.....	49
2.17 INFORMATION ON SUPPLIER AND CUSTOMER PAYMENT TERMS.....	50
3. CORPORATE GOVERNANCE	52
3.1 REPORT ON CORPORATE GOVERNANCE	52
4. CONSOLIDATED FINANCIAL STATEMENTS.....	56
4.1 PROFIT AND LOSS STATEMENT	56
4.2 STATEMENT OF FINANCIAL POSITION.....	58
4.3 STATEMENT OF CASH FLOWS.....	59
4.4 STATEMENT OF CHANGES IN EQUITY	60
4.5 NOTES TO THE FINANCIAL STATEMENTS	60
<i>NOTE 1 – THE EUROPACORP GROUP.....</i>	<i>60</i>
<i>NOTE 2 – ACCOUNTING POLICIES.....</i>	<i>63</i>
<i>NOTE 3 – NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....</i>	<i>74</i>
<i>NOTE 4 – NOTES TO THE CONSOLIDATED PROFIT AND LOSS STATEMENT.....</i>	<i>89</i>
<i>NOTE 5 – OTHER INFORMATION.....</i>	<i>92</i>
<i>NOTE 6 – OPERATING SEGMENTS AND DATA BY SEGMENT.....</i>	<i>97</i>
4.6 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS	100
5. SEPARATE FINANCIAL STATEMENTS	103
5.1 FINANCIAL STATEMENTS AND NOTES	103
5.2 STATUTORY AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS.....	124
5.3 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS	124
6. APPENDICES	133

NB: Unless otherwise stated for more recent information, all disclosures contained in this document are made as of March 31, 2023

1. PRESENTATION OF THE GROUP

1.1 Nature of the operations

EuropaCorp is mainly involved in the production and distribution of films. Since late 1999, the Group 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.

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, 2023, EuropaCorp had 125 films produced and 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. Twelve EuropaCorp films have featured among the world's 20 highest-grossing French films since January 1, 2000 (Source: Unifrance). These international blockbusters showcase the Group's talent in producing world-class English-language films that potentially represent increased revenue and profitability.

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 2.8.2 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. For distribution in theaters in France the Group can partner with renowned distributors; a partnership was signed between 2018 and 2021 with Pathé for the release of the films *Nous finirons ensemble (Little White Lies 2)* and *Anna*, and a mandate with Apollo Films for the release of *Arthur Malediction*. 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 25 years of its existence, the Group has endeavored to create a catalog of quality films.

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

1.1.1 Film production: conception and creation of content with real commercial potential

- *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 carries out work to build the film's potential profitability, which involves most of the Group's operational departments. 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.

- *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 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.

- *Hedging policy for 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.

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.

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.

International sales

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.

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.

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 six months after the film’s release for pay movie channels (Canal+, Ciné+, OCS), and after 22 months from release for free-to-air TV channels that have coproduction 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).

- *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. This rigorous cost control has enabled EuropaCorp, since its creation, to almost never exceed the initial production budget of the films produced.

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.

Lastly, EuropaCorp's Finance Department controls and monitors the budget and cash flow process for each film and overall for the Group.

1.1.2 Series production

The strategy and economics of television production are different than 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.

1.1.3 Distribution in France and internationally

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 divided into two parts: the first part which extends from the film's theatrical release until the second or third television broadcast on a free-to-air channel, and the second part which covers the subsequent period.

Thanks to its subsidiaries EuropaCorp Home Entertainment and EuropaCorp Distribution, partnerships established for the distribution of its films, and relationships with various television channels, the Group has optimal control over the first runs of films in France, 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.

- *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: digital campaigns, 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.

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%.

VAT	5.27%
TSA (special tax on ticket prices)	10.72%
SACEM	1.27%

Theater's share		50% of receipts excl. tax (increased where necessary up to 70% a few weeks after the theatrical release)
Distributor's share	Distributor's commission	50% of receipts excl. tax (reduced where necessary down to 30% a few weeks after the theatrical release)
	Publishing costs (copies + promotion)	
	Producer payment	

The Group decides on the optimal distribution strategy on a film-by-film basis, potentially by partnering with Pathé or other renowned distributors. Thus, the Group partnered with Apollo Films for the release of *Arthur Malediction* and is continuing this collaboration for the upcoming release of *Dogman* by Luc Besson (September 27, 2023 in French theaters).

- *Video distribution of films*

The video market has undergone a profound transformation over the last ten years, from a market dominated by physical video to a market dominated by digital video. According to the CNC, in 2022, video on demand represented 89.9% of the video market (20.5% in 2013), compared to 10.1% for physical video (79.5% in 2013). Thus, for a market of €2.3 billion, video on demand (including SVOD) represents €2.1 billion and physical video €235 million.

Currently, 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 Amazon Prime Video).

However, the Group continues to distribute its films on physical media (DVD/Blu-ray) *via* ESC Distribution. The decision to distribute future films in physical format will be made on a case-by-case basis depending on market developments.

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.

- *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.

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, 2023 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, 2023 (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 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 generally negotiated based on the purchase price of first broadcast rights and the audience detected during the first broadcast.

- *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).

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.

- *Additional exploitation of films in the form of associated products, licenses, partnerships and music publishing*

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, notably in relation to the animated saga *Arthur* (attractions at Futuroscope and Europa Park) or *Valerian and the City of a Thousand Planets* (attraction at Europa Park). This type of licensing meets new consumer expectations: to live powerful experiences with the cult characters of a film, a cartoon and its universe. 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.

EuropaCorp manages the production of the original soundtracks for its films. In addition, the Group may subsequently use these recordings as an “OFS” (Original Film Soundtrack), in the form of licenses granted to record companies. 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 Orchestra subsidiary the Group develops a publishing activity for original musical works composed for its films. Through this publishing activity, Orchestra, as a publisher of original musical works, is a member of the French Society of Authors, Composers, and Music Publishers (*Société des auteurs, compositeurs et éditeurs de musique* - SACEM), which manages music rights in France. Orchestra is represented worldwide by EMI Music Publishing France. This Group company can therefore receive the proportional remuneration owed when its 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.

1.2 Key figures

1.2.1 Selected financial information

CONSOLIDATED KEY FIGURES

	<i>in thousands of euros</i>	<i>As of March 31,</i>		
		2021	2022	2023
Revenue		41,492	35,293	37,487
% change in revenue		-41%	-15%	6%
Operating margin		18,944	18,901	17,267
<i>as a % of revenue</i>		46%	54%	46%
Operating profit (loss)		3,678	19,003	3,909
<i>as a % of revenue</i>		9%	54%	10%
Financial income		134,156	(1,954)	(3,586)
Net income		122,665	16,691	63
Net debt		(43,625)	(26,368)	(22,164)

CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>in thousands of euros</i>	<i>As of March 31,</i>		
		2021	2022	2023
Cash flows from operations		2,877	20,194	17,108
Cash from investments		1,593	2,247	(8,975)
Cash from financing		(4,747)	(8,819)	(13,030)
Net change in cash and cash equivalents		(277)	13,623	(4,897)
Closing cash position		46,858	60,573	55,688

1.2.2 Five-year business plan

As part of its restructuring plan approved by the Commercial Court of Bobigny, EuropaCorp has drawn up a business plan comprising financial objectives over a six-year period.

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 elements of the business plan submitted as part of the safeguard plan are based in particular on assumptions made 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.

For example, the occurrence of the Covid-19 pandemic hindered the resumption of the Group's productions at the end of the safeguard procedure and postponed the assumptions of the previous business plan. A new business plan was therefore drawn up and presented to the Commercial Court of Bobigny on December 14, 2020 by the commissioners for the execution of the Company's safeguard plan, who also requested an extension of the duration of EuropaCorp SA's safeguard plan for a period of two additional years. The Court granted this request on March 16, 2021.

The other 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) the 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 (see particularly Section 2.3 of this annual report).

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.

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 they 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 latest business plan, revised due in particular to the delays related to the extension of the Covid-19 pandemic, is as follows (in millions of euros):

<i>in millions of euros</i>	<i>As of March 31,</i>					
	2023	2024	2025	2026	2027	2028
Revenue	37.5	35.0	93.0	121.3	131.9	142.9
EBITDA	16.3	14.0	69.1	94.9	98.1	108.6
EBIT	3.9	3.9	11.7	17.9	17.8	19.5
Net income	0.1	0.2	6.6	13.8	15.2	15.7

1.3 Company history and major events in the development of the Company and Group

Created by Luc Besson in 1992 under the name Leelo 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 in France (EuropaCorp Home Entertainment).

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.

On July 6, 2007, EuropaCorp shares were admitted to trading on the regulated market of Euronext Paris Compartment B. On the occasion of this IPO, 4,910,828 new Company shares were issued and subscribed by public and institutional investors for a total amount 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. As of January 21, 2009, EuropaCorp shares were listed in compartment C of NYSE Euronext's Euronext Paris market, in line with the new nomenclature of the Euronext Paris market, until their transfer to Euronext Growth on November 18, 2021.

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 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.

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 studios at the La Cité du Cinéma site ranging in size from 600 to 2,200 square meters (i.e. 6,460 to 23,680 square feet) each. EuropaCorp sold its 40% stake in Studios de Paris in February 2022.

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.

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 the 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.

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 fully impaired. The company was liquidated on March 31, 2023.

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 \$463 million in box office receipts worldwide, making it French cinema's biggest international success story.

On May 20, 2015, EuropaCorp announced a five-year extension to its ongoing production agreement with Fundamental Films, which was further renewed. 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* cartoon 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.

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.

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).

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, acquired in 2008.

In a judgment dated May 13, 2019, the Commercial Court of Bobigny initiated safeguard proceedings in relation to EuropaCorp SA for an initial period of six months, extended through a ruling on October 29, 2019 for a further six-month period. 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 funds ultimately managed or advised by Vine Alternative Investments Group LLC ("Vine") and Falcon Strategic Partners IV LP ("Falcon") against EuropaCorp. The new shares were 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.

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.

On March 16, 2021, following the impact of the Covid-19 epidemic on the Group's production start-ups, the Commercial Court of Bobigny approved the request to extend the duration of EuropaCorp SA's safeguard plan for an additional two years. The total duration of the safeguard plan has thus been extended from seven to nine years from July 24, 2020, implying a new repayment schedule. Other terms and conditions of the Plan which are not in contradiction with the foregoing would remain unmodified.

The listing of EuropaCorp's shares was transferred to the Euronext Growth Paris market on November 18, 2021. This transfer aims to allow EuropaCorp to be listed on a market more appropriate to its size and offering a regulatory framework better suited to SMEs. The purpose of the transfer of EuropaCorp's shares is in particular to simplify the administrative obligations imposed on the Company and to reduce the costs associated with its listing, while allowing it to continue to benefit from the attractiveness of the financial markets.

In February 2022, as part of its strategy to refocus on its core business, the Group sold its 40% stake in Les Studios de Paris.

In April 2022 shooting began for *Dogman*, the next film written and directed by Luc Besson, with Caleb Landry Jones in the leading role (winner of the Best Actor Award at the Cannes Film Festival in 2021 for the film *Nitram*), and co-produced with LBP. The film tells the incredible story of a young man, bruised by life, who finds salvation through the love of his dogs. The projection of *Dogman* intended for international distributors at the last Berlin Film Festival in February 2023, received unanimous and enthusiastic reactions. To meet the expectations of these distributors and to organize the award and festival season, it was decided to coordinate the release of the film in all regions. *Dogman* will therefore benefit from a global release in the last quarter of 2023, and notably on September 27 in France.

In September 2022, the Group sold its subsidiary Digital Factory to the Atlantis Group, the leading manufacturer of programs in Europe. EuropaCorp's post-production activities were grouped under the "Digital Factory" label and included all image and sound post-production operations. EuropaCorp wants to refocus on its core business activities, which are the production and distribution of films and series around the world.

In a bailiff's writ dated March 31, 2023, La Nef Lumière gave notice to vacate the leased premises so that EuropaCorp could vacate the La Cité du Cinéma premises at the end of the deadline imposed by Paris 2024, i.e. no later than December 31, 2023.

2. MANAGEMENT REPORT

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS TO THE COMBINED GENERAL MEETING OF SEPTEMBER 12, 2023

Dear Shareholders,

We have convened you, in accordance with the law and the Articles of Association, to:

- *present to you the activity of EuropaCorp (the "Company") and that of the EuropaCorp Group (the "Group") during the financial year ended on March 31, 2023, the results of this activity and our outlook;*
- *submit for your approval the annual and consolidated financial statements for this financial year and the allocation of net income resulting from the annual financial statements.*

You will also be able to read the general report of the Company's Statutory Auditors on the separate and consolidated financial statements, the report on corporate governance replacing the report of the Chairman of the Board of Directors, and the special report on the Company's share buybacks during the financial year, the report on the free share allocations, as well as the report of the Board of Directors on the resolutions that we will be submitting to you.

All company documents, financial statements, reports and other documents and information relating thereto have been communicated to you or made available to you in accordance with the conditions and deadlines provided for by law and the Articles of Association.

2.1 Business development

2.1.1 Separate and consolidated results

The separate financial statements for the financial year ended on March 31, 2023 show revenue of €26,724 thousand compared to €28,513 thousand for the previous financial year, a decrease of 6%. Business ended with an operating profit of €2,435 thousand, compared to €13,495 thousand for the 2021/2022 financial year, down due to significant exceptional items during the previous financial year (notably receivables received following the sale of Studios de Paris shares). The profit amounted to €3,970,767, compared to a profit of €16,056,839 in 2021/2022.

The consolidated financial statements under IFRS for the financial year ended on March 31, 2023 show consolidated revenue of €37,487 thousand for the 2022/2023 financial year, compared to €35,293 thousand for the previous financial year, i.e. a decrease of approximately 6%.

The operating margin amounted to €17,267 thousand (i.e. 46% of revenue) for the financial year ended on March 31, 2023, compared to €18,901 thousand (i.e. 54% of revenue) for the year ended on March 31, 2022.

After taking into account the general and administrative expenses which amounted to €(13,820) thousand, compared to €(15,173) thousand for the previous financial year, i.e. a saving of €1,353 thousand (-9%), and the other operating income and expenses of €461 thousand, compared to €15,275 thousand for the 2021/2022 financial year, the consolidated operating profit amounted to €3,909 thousand, compared to €19,003 thousand the previous year.

The consolidated net income - Group share amounted to €58 thousand compared to €16,652 thousand for the previous financial year.

2.1.2 Description of the activities

As of March 31, 2023, the Group had produced or co-produced a running total of 127 films distributed in theaters. The following table shows the changes in consolidated revenue, consolidated cost of sales, and consolidated net income 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.

<i>(in thousands of euros)</i>	Financial year ended March 31		
	2023	2022	2021
Revenue	37,487	35,293	41,492
Cost of sales	(20,221)	(16,392)	(22,548)
Net income - Group share	58	16,652	122,606
Number of films produced and co-produced released in theaters during the financial year	1 ⁽¹⁾	0	0

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 March 31, 2022, the Group has overseen the production of 91 films released in theaters in France, as an executive producer or co-executive producer.

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 Group can thus produce and distribute English-language series with strong international potential, such as the *Taken* series.

The table below shows the distribution of Group consolidated revenue by distribution channel for the 2020/2021, 2021/2022 and 2022/2023 financial years, prepared according to IFRS:

<i>(in thousands of euros)</i>	Financial year ended March 31					
	2023	%	2022	%	2021	%
International sales	21,057	56.2	8,903	25.2	11,988	28.9
Theatrical distribution	385	1.1	26	0.1	582	1.4
Video & VOD	1,068	2.8	1,422	4.0	1,330	3.2
Television & SVOD	11,282	30.1	19,840	56.2	19,000	45.8
TV series	1,447	3.9	2,170	6.1	5,648	13.6
Other activities	2,249	6.0	2,932	8.3	2,945	7.1
Revenue	37,487	100%	35,293	100%	41,492	100%

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.

¹ *Arthur Malediction*, co-produced with LPB, executive producer

2.1.3 Factors impacting the results

2.1.3.1 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. The production and distribution activity for television programs, co-production receipts, licensing and partnership agreements, music publishing, and post-production activities are sources of additional revenues.

During the 2022/2023 financial year, EuropaCorp released the film *Arthur Malediction* in theaters in France (with Apollo Films as sub-agent for distribution). The film had around 180,000 admissions in France.

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 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 on March 31, 2023, the use of these rights represented 56% 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.

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*

Following the end of the partnership with Pathé (distribution of the films *Anna* and *Nous Finirons Ensemble (Little White Lies 2)*), the Group now decides on the optimal distribution strategy on a film-by-film basis, potentially partnering with Pathé or other renowned distributors. Thus, the Group partnered with Apollo Films for the release of *Arthur Malediction* and is continuing this collaboration for the upcoming release of *Dogman* by Luc Besson (September 27, 2023 in French theaters).

•*Video/VOD*

As the Fox Pathé Europa EIG was liquidated during the 2020/2021 financial year, video media are now distributed in France through ESC Distribution, and still through Lionsgate in the United States. The Group supplies the video master and decides on the release date and strategy, while ESC Distribution or Lionsgate handles marketing and logistics. To accompany the release of new titles on video, tailored marketing programs are developed in collaboration with ESC Distribution or Lionsgate. Invoicing and collection are the responsibility of ESC Distribution or Lionsgate depending on the territory concerned.

•*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.

•*Series production*

The 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.

•*Other sources of revenue*

The other sources of revenue are comprised mainly of revenues from receipts from films co-produced by the Group, licensing and partnership agreements, music publishing, brand content, and post-production. These revenues are generated in France and abroad.

•*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.

2.1.3.2 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.

Investments during the financial year ended on March 31, 2023 mainly related to the films *Dogman*, as well as *June & John* and *Arthur Malediction*. 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 €9.6 million in the 2022/2023 financial year, €2.4 million in 2021/2022, and €0.5 million in 2020/2021.

Plus or minus third parties expenses, the expenditures mentioned above are usually capitalized in the Group's intangible assets. These assets are subsequently depreciated in accordance with the accounting rules and principles presented in Section 2.7.4 of the notes to the consolidated financial statements.

•*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. 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 €2.4 million a year, versus around €9.3 million in the initial lease (including expenses, and excluding rebilling to sub-tenants). This is why EuropaCorp negotiated with its lessor to reduce the leasable area and consequently the amount of its rent.

In a bailiff's writ dated March 31, 2023, La Nef Lumière gave notice to vacate the leased premises so that EuropaCorp could vacate the premises at the end of the deadline imposed by Paris 2024, i.e. no later than December 31, 2023.

2.2 Changes in the consolidated results

Comparison of the financial years ended on March 31, 2023 and March 31, 2022

The table below shows a comparison of the major items in the audited consolidated profit and loss statement for the 2022/2023 and 2021/2022 financial years:

	03/31/2023	03/31/2022
<i>(amounts in thousands of euros, except for the number and data per share)</i>		
Revenue	37,487	35,293
Operating income	37,487	35,293
Cost of sales	(20,221)	(16,392)
Operating margin	17,267	18,901
Overheads	(13,820)	(15,173)
Other operating income and expense	461	15,275
Operating profit (loss)	3,909	19,003
Income from financial investments / (Cost of financial debt)	(2,539)	(2,585)
Other financial income and expenses	(1,047)	631
Financial income	(3,586)	(1,954)
	<hr/>	<hr/>
Income from recurring operations before taxes	322	17,049
Income tax	(259)	(358)
Share of net income of associates	0	0
Net income	63	16,691
Of which: Net Income – Minority share	5	39
Net income - Group share	58	16,652

As of March 31, 2023, earnings before interest and taxes (EBIT) included €12,407 thousand in amortization expenses versus €10,523 thousand as of March 31, 2022. As of March 31, 2023, earnings before interest, taxes, depreciation and amortization (EBITDA) totaled €16,315 thousand versus €29,526 thousand as of March 31, 2022.

The table below shows the breakdown of consolidated Group revenue by distribution channel for the 2021/2022 and 2022/2023 financial years, prepared according to IFRS:

	Financial year ended March 31			
	<u>2023</u>	<u>%</u>	<u>2022</u>	<u>%</u>
International sales	21,057	56.2	8,903	25.2
Theatrical distribution	385	1.1	26	0.1
Video & VOD	1,068	2.8	1,422	4.0
Television & SVOD	11,282	30.1	19,840	56.2
TV series	1,447	3.9	2,170	6.1
Other activities	2,249	6.0	2,932	8.3
Revenue	37,487	100%	35,293	100%

- Revenue

The EuropaCorp Group's consolidated financial statements for the 2022/2023 financial year, prepared in accordance with IFRS, show consolidated revenue of €37,487 thousand compared to €35,293 thousand for the previous year, i.e. a 6% increase. It was mainly due to the resumption of international deliveries of fresh films,

notably *Dogman*. *International sales* thus increased by €12.2 million to €21.1 million, making it possible to offset the erosion of the *Television & SVOD* catalog and sales (down €8.6 million).

It is recalled that the Group's revenue is generally dependent on the release of its films through various channels. The timetable of these releases can give rise to significant fluctuations in the revenue earned by each channel from one year to another.

- *Cost of sales*

The cost of sales stood at €(20,221) thousand for the 2022/2023 financial year, compared to €(16,392) thousand in 2021/2022. Depreciation, amortization and impairment in 2022/2023 amounted to €(12,407) thousand compared to €(10,523) thousand in the previous financial year due to the integration of the films *Dogman* and *June & John* to the Group's assets and to the start of their amortization (international deliveries during the financial year). Distribution and marketing expenses amounted to €(1,412) thousand for the financial year ended on March 31, 2023 compared to €(530) thousand in 2021/2022. They were linked to the theatrical release in France of *Arthur Malediction* and to international distribution costs related to *Dogman*, while no film was released during the previous financial year. Payments to third parties were up and represented €(6,446) thousand for the 2022/2023 financial year, compared to €(5,303) thousand for the previous financial 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 was €17,267 thousand compared to €18,901 thousand the previous year. The margin rate thus decreased from 54% to 46% due to the increase in the amortization of films in the line-up.

- *Overheads*

General and administrative expenses amounted to €(13,820) thousand, compared to €(15,173) thousand in the previous financial year, representing a saving of €1,353 thousand (-9%) due in particular to the closing of the Comerica credit line, which generated significant non-use costs.

- *Other operating income and expense*

Other operating income and expenses amounted to €461 thousand compared to €15,275 thousand during the previous financial year. In 2022/2023, they mainly comprised items related to the sale by EuropaCorp of its post-production subsidiary Digital Factory in September 2022, as well as the reversal of the impairment of distributor subsidy whose duration was extended by the CNC and which was used by EuropaCorp Distribution during the financial year, whereas in 2021/2022 they mainly comprised exceptional items related to the sale by EuropaCorp of its shares in Studios de Paris.

- *Operating profit (loss)*

After taking into account the above items, the operating profit for the 2022/2023 financial year amounted to €3,909 thousand, compared to a loss of €(19,003) 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 amounted to €(3,586) thousand compared to €(1,954) thousand the previous financial year. For the 2022/2023 financial year, it mainly comprised €(3,167) thousand in interest on Senior debt, €(567) thousand on rental debt following the application of IFRS 16, €(1,120) thousand in accelerated amortization of bank fees relating to the Comerica credit line closed during the financial year, and a positive foreign exchange gain of €652 thousand

- *Consolidated net income of consolidated companies*

Net income amounted to €63 thousand for the financial year ended on March 31, 2023 compared to €16,691 thousand for the previous year. The net income - Group share amounted to €58 thousand compared to €16,652 thousand in the 2021/2022 financial year.

2.3 Risk factors

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 the management report, could have a significant adverse effect on the Group, its business, financial position, earnings or growth if they were to materialize. The Company considers that there are no other significant risks other than those presented below.

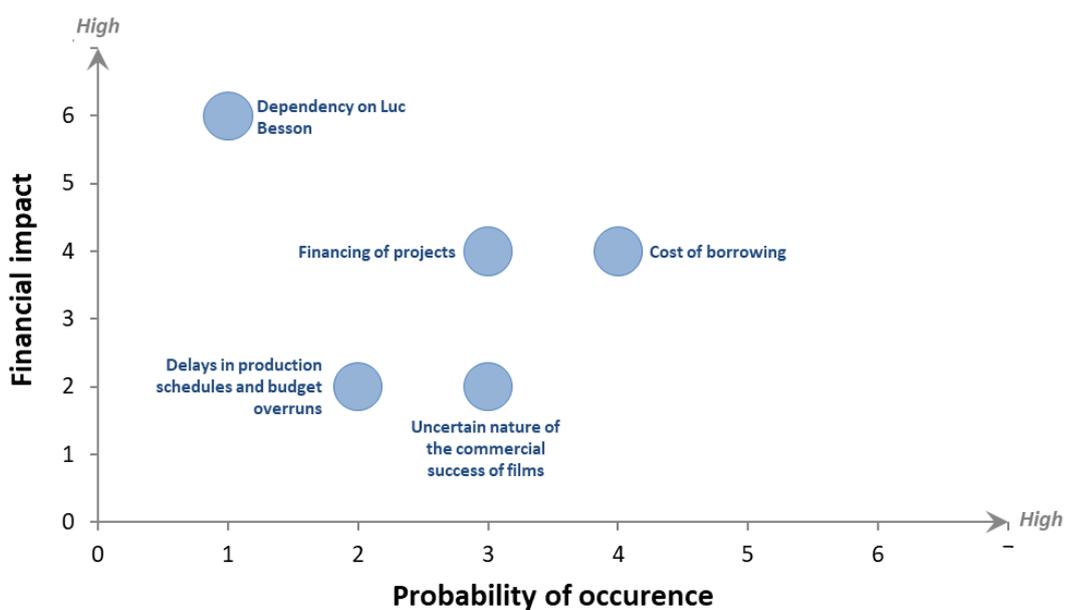
For each risk category presented below, the risks are ranked, according to the Company’s assessment, in order of decreasing importance.

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 invited to take into consideration all the information contained in the management report before deciding to subscribe for or acquire shares in the Company.

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

Main potential risks



2.3.1 Business-related risks

2.3.1.1 Risks of dependence on Luc Besson

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 Mr. 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 funds and, as such, Luc Besson is no longer EuropaCorp's majority shareholder. He remains Chairman of the Board of Directors of the Company, of which he is also Artistic Director.

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 2.8.2 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, in the event that the terms of his commitment should cease to apply while EuropaCorp's operations still largely depended on him, Mr. Besson 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.

2.3.1.2 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.

2.3.1.3 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.

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

2.3.2 Financial risks

2.3.2.1 Risks related to the Covid-19 pandemic

The health crisis linked to the Covid-19 pandemic has had numerous consequences on the film sector, including the suspension of filming, the limitation of international coproductions and the closure of cinemas, which has led to a very significant decline in production and investment [*“Film production in 2020,”* Les Etudes du CNC, March 2021].

As of the filing date of this report, the Group considers that the Covid-19 epidemic may anew result in delays in 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.

2.3.2.2 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. Several months generally separate the investments required for the production and promotion of a film, on the one hand, and the collection of exploitation revenues, on the other. This time lag may require the use of bank financing. 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.

For the first quarter financial year, the Group had a new credit line to finance future productions. This line was subscribed by a new generation of Vine funds and certain members of the Vine funds that are already lenders to the Company. This main line of credit of an initial amount of \$100 million bore interest at an annual rate of 8%. No drawdowns had been made on this line as of March 31, 2022 and in view of the non-use fees, this credit line was closed in June 2022, without compensation.

It should be noted that two credit lines had previously been made available to the Company, the terms of which had been successively renegotiated. A principal credit line arranged by J.P. Morgan, which bears interest on the basis of the EURIBOR/LIBOR rate plus a bank margin of 3.25%, and a secondary credit line, subscribed by Vine, which bears interest at the annual rate of 15%.

As of March 31, 2021, €85.6 million had been drawn against this principal credit line. As part of the safeguard plan, approved on July 24, 2020 by the Commercial Court of Bobigny, the repayment of this first credit line is scheduled over seven years. Following the request relating to the impact of Covid-19 on the Company, presented to the Commercial Court of Bobigny in December 2020, which validated it on March 16, 2021, an extension of two additional years was obtained, so that the total duration of the safeguard plan is now nine years from July 24, 2020, implying the following new payment schedule:

Year	1	2	3	4	5	6	7	8	9
% repayment	5.8%	11.8%	10.6%	6.7%	12.4%	12.4%	12.1%	14.6%	13.6%

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 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 a result, consolidated net debt amounted to €22.2 million as of March 31, 2023, compared to €26.4 million as of March 31, 2022 and €43.6 million as of March 31, 2021.

As collateral for these credit lines, EuropaCorp and some of its subsidiaries (EuropaCorp Distribution and Valerian Holding) had granted first-and second-line guarantees on all of their assets, and notably a pledging of financed assets, excluding any other guarantee.

2.3.2.3 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 of the Group's financial assets and liabilities excluding trade and trade payables under IFRS as of March 31, 2023 (in thousands of euros)

<i>(in thousands of euros)</i>	03.31.2023	<i>Maturities</i>		
		< 1 year	1-5 years	> 5 years
Fixed rate financial assets	-			
Variable rate financial assets	55,688	55,688		
Financial assets not exposed	6,573	-	5,963	610
Financial assets	62,261	55,688	5,963	610
Fixed rate financial liabilities	-			
Floating rate financial liabilities	77,852	11,255	42,381	24,216
Financial liabilities not exposed	-			
Financial liabilities	77,852	11,255	42,381	24,216

Based on the net position due for renewal within one year (after hedging) as of March 31, 2023, the Group estimates that a 0.5% rise in interest rates would result in a negative impact on net income of €111 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. 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.

2.3.2.4 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.

As of March 31, 2023, the Company no longer had any currency hedges in place.

During the financial year ended on March 31, 2022, the revenue billed in a currency other than the euro² amounted to €22,819 thousand, representing 61% of consolidated revenue.

The Group's net foreign currency positions as of March 31, 2023 are summarized below:

<i>(in thousands of euros)</i>	U.S. dollars
Assets	105,606
Liabilities	(76,557)
Net equity before hedging	29,049
Off-balance sheet position	0
Net equity after hedging	29,049

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):

<i>As of March 31, 2023</i>	<i>In thousands of dollars</i>	<i>€/USD rate</i>	<i>In thousands of euros</i>	<i>Impact on EuropaCorp income</i>
Net position in USD	31,591	1.0875	29,049	<i>(in thousands of euros)</i>
Impact of a 10% decrease in USD	31,591	1.19625	26,408	(2,641)
Impact of a 10% increase in USD	31,591	0.97875	32,277	3,228

For more details, please refer to Section 3.13 of the notes to the consolidated financial statements of this annual report, on foreign exchange risk.

2.3.2.5 Financial risks relating to the production or coproduction of films

The Group's policy, although this is not a systematic practice, is to start production of a film only if the production cost is, in particular in view of the expressions of interest received, potentially covered by firm commitments (pre-sales on television and abroad and/or contributions from co-producers and/or tax credit granted), to be signed before the theatrical release. This coverage rate may be 100%, and even higher, as for example on the productions of *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,

² Revenue from outside the Eurozone corresponds to revenue from international sales made outside the 18 euro-zone countries, namely Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain.

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.

2.3.2.6 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 square foot. This partial termination was accompanied by the introduction of a financial recovery clause, which could give rise to the payment of an additional maximum amount of €10 million between now and the end of the Safeguard Plan, if the sale price of the shares subscribed by the Vine Funds enabled them to be repaid an amount of €181 million.

2.4 *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.

For more information, please refer to Section 3 of this annual report on corporate governance.

2.5 Debt, borrowing conditions and financing structure

- *Basic needs and financing resources*

As explained in Section 2.3.2.2 of this management report, the Group is subject to a liquidity risk inherent in the production and distribution of cinematographic works, as 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.

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 TV, EuropaCorp Television, EuropaCorp Aéroville, Blue Event, Valerian Holding, 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 amounted to €22,164 thousand as of March 31, 2023, compared to €26,368 thousand as of March 31, 2022. Consolidated net debt fell, due notably to the repayment of the second installment of the Senior debt under the Safeguard Plan, partly covered by cash flow from operating activities.

The composition of the Group's consolidated net debt as of March 31, 2022 and 2023 is presented in Section 3.12 of the notes to the consolidated financial statements (Section 4.5 of this annual report).

The Group's debt mainly consists of:

- *Revolving credit facility agreement of October 22, 2014*

Since October 21, 2014, the Group has had a successively renegotiated principal revolving credit facility enabling it to mobilize receivables related to contracts for a maximum amount of \$190 million.

This credit line was arranged by J.P. Morgan as Agent and Senior Bookrunner, SunTrust and OneWest Bank as Associate Bookrunners and co-arrangers. The credit line has been syndicated with major banks, notably the French banks Natixis, Banque Palatine, Arkea Banque Entreprises et Institutionnels, and BRED Banque Populaire.

The principal credit line bore 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%.

As of March 31, 2021, €85.6 million had been drawn against this principal credit line.

This line of credit was to be repaid after a period of five years, i.e. no later than 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 Commercial Court of Bobigny on July 24, 2020, approved the repayment of outstandings over a seven-year period. Following the request relating to the impact of Covid-19 on the Company, presented to the Commercial Court of Bobigny in December 2020, which granted it on March 16, 2021, an extension of two additional years was obtained, so that the total duration of the safeguard plan is now nine years from July 24, 2020, implying the following new payment schedule:

Year	1	2	3	4	5	6	7	8	9
% repayment	5.8%	11.8%	10.6%	6.7%	12.4%	12.4%	12.1%	14.6%	13.6%

The first installment was paid as planned in July 2021 for approximately €5 million, and the second in July 2022 for around €10 million.

As collateral for this credit line, EuropaCorp and some of its subsidiaries (EuropaCorp Distribution and Valerian Holding) granted first-line guarantees on all of their assets and in particular the pledging of financed assets, as specified in the notes to the consolidated financial statements (Section 4.5 of this annual report), excluding any other guarantee.

- *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.

- *Off-balance sheet commitments*

The off-balance sheet commitments, excluding pledges of assets (in particular pledges and delegations of receipts on the credit lines mentioned in the notes to the consolidated financial statements in this annual report in Section 4.5), as of March 31, 2023 related to the current activity of the Group are summarized below:

Commitments received for the benefit of EuropaCorp (in thousands of euros)	03.31.2023	03.31.2022
Commitments received from clients		
<i>For the cinematographic business</i>	482	1,163
<i>Support funds for audiovisual activities</i>	0	0
Financial commitments for leases*	376	1,940
Total commitments received	858	3,104

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

Commitments made for the benefit of third parties (in thousands of euros)	03.31.2023	03.31.2022
Total commitments made	0	0
Total net commitments (received - made)	858	3,104

The decrease in commitments received was mainly due to the mechanical reduction in the remaining rents of sub-tenants from now until the end of the lease at La Cité du Cinéma in October 2023 (versus April 2024 initially). Commitments received in respect of the film business mainly concern TV sales signed but not yet delivered and with a granting of rights after the closing date.

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.

2.6 Significant events since the end of the financial year

No significant event occurred after the closing date.

2.7 Outlook

The Group's outlook is to put into production as soon as possible film and TV series projects that are under development, with moreover three films already produced or under production.

The Group's strategy is primarily to refocus on its core business, namely:

- *accelerate investment in the production of films, and more specifically films that take into account changes in the market, and high-potential series (controlled projects for platforms);*
- *remain true to its DNA, with films and series of the type for which EuropaCorp is known;*
- *continue the production of docu-series, with three areas of development (the environmental cause, urban areas, the world of cinema);*
- *pursue the dynamic use of the EuropaCorp Group's diversified catalog.*

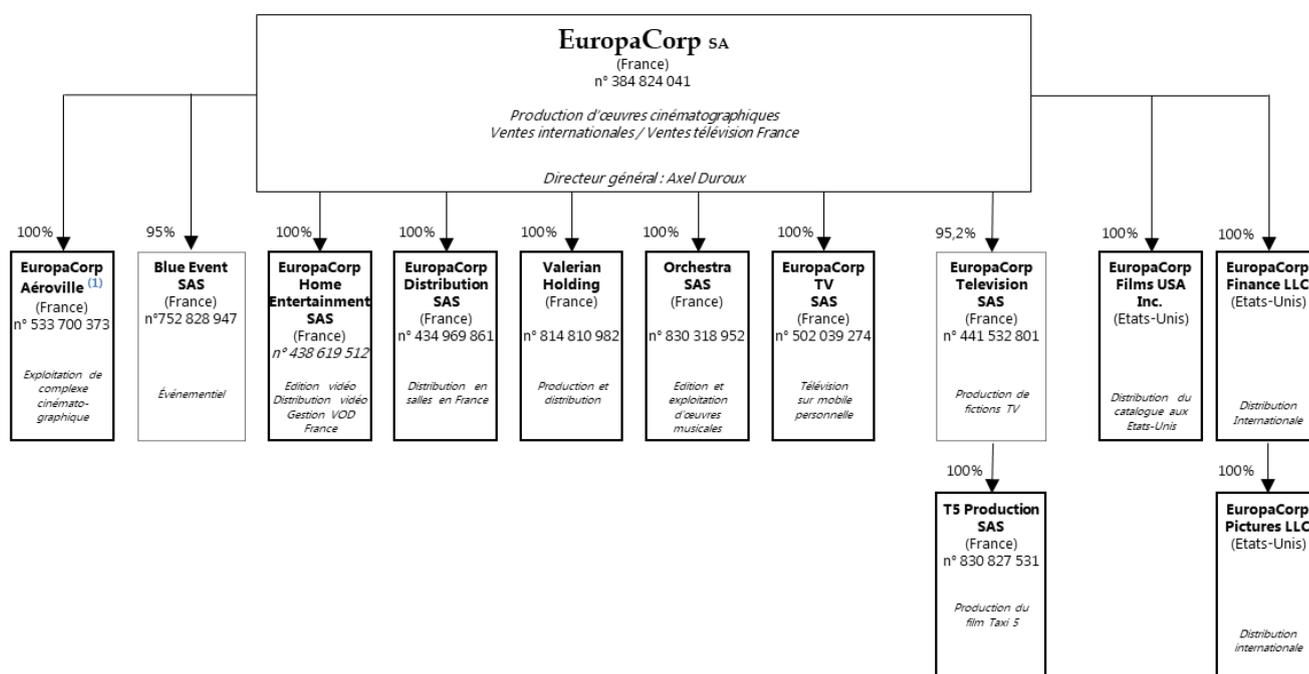
The Group co-produced the film *Dogman* with LBP, which was written and directed by Luc Besson and produced by Virginie Besson-Silla, with Caleb Landry Jones in the lead role (winner of the Best Actor Award at Cannes in 2021 for the film *Nitram*). The film tells the incredible story of a young man, bruised by life, who finds salvation through the love of his dogs. The projection of *Dogman* intended for international distributors at the last Berlin Film Festival, in February 2023, received unanimous and enthusiastic reactions. To meet the expectations of these distributors and to organize the award and festival season, it was decided to coordinate the release of the film in all regions. *Dogman* will therefore benefit from a global release in the last quarter of 2023, and notably on September 27 in France.

EuropaCorp also produced *June & John*, an English-language film written and directed by Luc Besson, produced by Virginie Besson-Silla, shot during the Covid epidemic in Los Angeles in spring 2021, with a reduced budget and promising young actors Luke Stanton Eddy and Matilda Price. The film was delivered to the international distributor, Kinology, on March 31, 2023, and the release strategy is being finalized.

On July 3, 2023, EuropaCorp also started shooting its project tentatively entitled *Weekend Escape Project*, co-written by Luc Besson and George Huang, and produced by Virginie Besson-Silla. This film will be directed by George Huang, with Luke Evans and Gwei Lun Mei in the main roles. This film is in line with EuropaCorp action films such as *Taken*, *Transporter*, *From Paris with Love*, *Unleashed*, etc.

2.8 Subsidiaries and changes to the Group's scope

2.8.1 Simplified Group structure as of June 30, 2023



NB:

- The percentage of share capital owned is identical to the percentage of voting rights held

(1) The EuropaCorp Aéroville business was sold on December 16, 2016 to Pathé Ciné 29.

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 wholly owned by EuropaCorp, which is also its Chairman.

EuropaCorp Distribution

EuropaCorp Distribution 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 wholly owned by EuropaCorp, which is also its Chairman.

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 wholly 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 Paris 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*.

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 wholly owned by EuropaCorp, which is also its Chairman. The EuropaCorp Aéroville business was sold on December 16, 2016 to Pathé Ciné 29.

Blue Event

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. EuropaCorp owns 95% of this company and is its Chairman.

EuropaCorp Films USA, Inc.

EuropaCorp Films, USA is an American company that was incorporated on March 18, 2013 under the laws of the State of California, located at 21650 Oxnard Street (c/o Armanino LLP), Suite 2400 Woodland Hills, CA 91367. The company is wholly owned by EuropaCorp and its purpose is to distribute its film catalog in the United States.

Valerian Holding

Valerian Holding is a French simplified joint stock company incorporated on November 20, 2015, whose registered office is located 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 wholly owned by EuropaCorp, 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 wholly owned by EuropaCorp, which is 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. Its purpose is technical: it is part of the international distribution scheme for films produced by the Group or by 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.

2.8.2 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.

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 expected income from pre-sale contracts to Vine Prêteurs. 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.

2.9 Distribution of share capital and delegations of the General meeting

2.9.1 Company shareholders and breakdown of the voting rights

As of the date of this report, the breakdown of share capital and voting rights is as follows:

Shareholders	Number of shares	% of the capital	% of the voting rights ¹
Vine funds	73,444,492	59.65%	59.69%
<i>Front Line</i>	<i>15,596,191</i>	<i>12.67%</i>	<i>12.68%</i>
<i>Luc Besson</i>	<i>4,035</i>	<i>0.00%</i>	<i>0.00%</i>
Total Luc Besson	15,600,226	12.67%	12.68%
Total Concert ²	89,044,718	72.32%	72.37%
FF Motion Invest	11,428,572	9.28%	9.29%
Falcon Strategic Partners IV L.P.	7,680,230	6.24%	6.24%
Floating	14,885,594	12.09%	12.10%
Treasury shares ³	85,269	0.07%	
TOTAL	123,124,383	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 Treasury shares as of March 31, 2023.

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.

Actionnaires	Situation au 31.03.2021			Situation au 31.03.2022			Situation au 31.03.2023		
	Nombre d'actions	% du capital	% des droits de vote	Nombre d'actions	% du capital	% des droits de vote	Nombre d'actions	% du capital	% des droits de vote
Fonds Vine	73 444 492	60,2%	60,2%	73 444 492	59,7%	59,7%	73 444 492	59,7%	59,7%
Front Line (holding de M. Luc Besson)	15 596 191	12,77%	12,8%	15 596 191	12,7%	12,7%	15 596 191	12,667%	12,676%
M. Luc Besson	4 035	0,0%	0,0%	4 035	0,0%	0,0%	4 035	0,0%	0,0%
Sous-total Concert	89 044 718	72,93%	72,98%	89 044 718	72,32%	72,38%	89 044 718	72,32%	72,37%
Fundamental Film Motion Invest	11 428 572	9,4%	9,4%	11 428 572	9,3%	9,3%	11 428 572	9,3%	9,3%
Falcon Strategic Partners IV L.P.	7 680 230	6,3%	6,3%	7 680 230	6,2%	6,2%	7 680 230	6,2%	6,2%
Lambert Capital BV	271 128	0,2%	0,2%	0	0,0%	0,0%	0	0,0%	0,0%
Flottant	13 593 865	11,1%	11,1%	14 878 314	12,1%	12,1%	14 885 594	12,1%	12,1%
Auto-détention	83 718	0,1%		92 549	0,1%		85 269	0,1%	
TOTAL	122 102 231	100,00%	100,00%	123 124 383	100,00%	100,00%	123 124 383	100,00%	100,00%

To the Company's knowledge, there are no other shareholders who directly or indirectly hold, alone or in concert, 5% or more of the share capital or voting rights than those mentioned in the table above (search for Identifiable Bearer Shares carried out by the Company on March 31, 2023).

The Vine funds are American limited partnerships whose registered office is located at 810 7th Avenue, Suite 802, New York, NY 10019 (United States).

Front Line 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. 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.

FF Motion Invest Co., Limited is a wholly-owned subsidiary of Fundamental Films Co., Limited and is domiciled at Unit 417, 4/F, Lippo Center Tower Two, No. 89 Queensway, Admiralty, Hong Kong.

Falcon Strategic Partners IV, LP, is an American limited partnership whose registered office is located at 21 Custom House Street, 10th floor, Boston, MA 02110 (United States).

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.

Following the cancellation of the sale of the shares of EuropaCorp SA on November 16, 2020 between Front Line, the seller, and Lambert Capital BV, the transferee, the 2,660,288 shares were returned to Front Line. Front Line again holds 15,596,191 shares and Lambert Capital BV 271,128 shares.

The shareholder agreement initially entered into on May 27, 2013 between Lambert Capital BV and Christophe Lambert, on the one hand, and Front Line and Luc Besson, on the other (AMF opinions 213C0631, 213C0686 and 214C0413) was terminated, which also put an end to their concert vis-à-vis EuropaCorp.

2.9.2 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 72.32% of the share capital and voting rights (and 72.37% of the Company's actual voting rights).

On the filing date of this report, the presence of two 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.

2.9.3 Agreement whose implementation could result in a change of control

On July 28, 2020, the Vine funds and Luc Besson (including his holding company Front Line) also entered into a shareholders' agreement qualifying as a concerted action (see 2.9.1 above).

2.9.4 Delegations granted

The Combined general meeting of September 9, 2022 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*	None	26 months	09/09/2022 No. 7
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*	None	26 months	09/09/2022 No. 8
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*	None	26 months	09/09/2022 No. 9
Term of the delegation Date of the Meeting and resolution number 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)*	None	26 months	09/09/2022 No. 10
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)*	None	26 months	09/09/2022 No. 11
Delegation of authority to be granted to the Board of Directors to decide on a capital increase through the issue of shares reserved for employees, with cancellation of preferential subscription rights	10% of the share capital*	None	26 months	09/09/2022 No. 12
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	None	26 months	09/09/2022 No. 15
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	None	26 months	09/09/2022 No. 14

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 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	5% of the share capital in the event of a public exchange offer (10% of the share capital otherwise)	None	18 months	09/09/2022 No. 16
Authorization to grant stock options to employees or corporate officers of the Company and its affiliates	5% of the share capital	None	26 months	09/09/2022 No. 17
Authorization for the purposes of awarding free shares to employees or corporate officers of the Company and its affiliates	10% of the share capital	None	38 months	09/09/2022 No. 18
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	None	26 months	09/09/2022 No. 19

* These amounts are deducted from the overall maximum set in the 13th resolution of the General meeting of September 9, 2022.

At the General meeting of September 12, 2023, the shareholders will be asked to renew these delegations and authorizations.

2.10 Corporate governance

Until March 2007, the Company was a public limited company with a Board of Directors. By decision of the General meeting of March 5, 2007, the Company adopted the form of a *société anonyme* with a Management Board and a Supervisory Board. The Company retained this form until September 16, 2008. Since that date, the Company has once again taken the form of a public limited company with a Board of Directors.

2.11 Proposed allocation of net income for the year

The financial year just ended resulted in a profit of €3,970,767, which we propose to allocate as follows:

- allocation of the net income, i.e. €3,970,767 to "Retained earnings/losses", which would thus change from €(371,043,564) to €(367,072,797).

After allocation of the net income for the financial year ended on March 31, 2023, the equity would amount to €(36,722,804) and the Company's reserves would be as follows:

- legal reserve: €1,004,665;
- unavailable reserves: €180,545;
- other reserves: €0.

We remind you that the amount of the dividends paid by the Company in respect of the three previous financial years was as follows:

Financial year ended March 31	2021	2022	2023
Number of shares	122,102,231	123,124,383	123,124,383
Net dividend*	0	0	0
Tax credit*	0	0	0
Total revenue*	0	0	0

* Per share and in euros.

In accordance with the provisions of Article R.225-102 of the French Commercial Code, the Company's results over the last five financial years are appended to this report in Appendix 6.1.

Lastly, it should be noted that the financial year ended on March 31, 2023 showed shareholders' equity less than half of the share capital. However, the Chairman recalls that the provisions of Article L.225-248 of the French Commercial Code are not applicable to companies benefiting from a safeguard plan.

2.12 *Non-deductible expenses and charges*

In accordance with the provisions of Article 223 *quater* of the French General Tax Code, the Company specifies that, for the financial year ended on March 31, 2023, (i) the total amount of expenses and charges not deductible from profits subject to corporate income tax and referred to in Article 39-4 of the French General Tax Code, amounts to €0 and that (ii) no tax reintegration of general and administrative expenses has been applied by the tax administration during the past financial year pursuant to Article 39-5 of the French General Tax Code.

2.13 *Significant agreements with related parties*

2.13.1 The regulated agreements entered into during previous financial years and whose execution continued during the financial year ended on March 31, 2023 are as follows:

(A) **Cooperation agreement between Seaside Films Company and EuropaCorp dated February 11, 2003**

Person concerned: Luc Besson, Chairman of the Board of Directors of EuropaCorp and majority shareholder of Seaside Films Company.

By an act of February 11, 2003, Seaside Films Company, a company under Californian law controlled by Luc Besson, undertook to research and develop scenarios in the United States on behalf of EuropaCorp that could serve as a basis for the production of films. The agreement provides for 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 on March 31, 2012, in order to take into account the additional residual costs incurred by Sea Side Film 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.

(B) **Subletting agreement with B.O.**

Persons concerned:

- Front Line, shareholder of EuropaCorp;
- Luc Besson, Chairman of the Board of Directors of EuropaCorp, Chairman and majority shareholder of Front Line.

On October 15, 2013, EuropaCorp and B.O. SARL, 51% owned by Front Line, entered into a commercial subletting agreement for ground-floor premises in the central hall of La Cité du Cinéma.

(C) **Amendment to the subletting agreement signed with B.O.**

Persons concerned:

- Front Line, shareholder of EuropaCorp;
- Luc Besson, Chairman of the Board of Directors of EuropaCorp, Chairman and majority shareholder of Front Line.

On October 15, 2013, EuropaCorp and B.O. SARL, 51% owned by Front Line, entered into a commercial subletting agreement for ground-floor premises in the central hall of La Cité du Cinéma.

EuropaCorp and B.O. SARL signed an amendment to the commercial subletting agreement of October 15, 2013 under the terms of 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 pay 1/3 of the work carried out by B.O. (€716 thousand excl. tax), i.e. €239 thousand excl. tax;*
- *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 amendment to the commercial sublease of October 15, 2013 was considered as a regulated agreement in view of the indirect interest of Front Line, partner of B.O. SARL, and was consequently authorized by the EuropaCorp Board of Directors at its meeting of March 26, 2015. The Board of Directors of EuropaCorp noted that the restaurant B.O. is failing to achieve sufficient levels of profitability to enable it to make a return on its investments. 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. It is therefore because of the importance of this continuity of operation, which is a determining condition of its agreement, that the Board of Directors unanimously decided (Front Line and Luc Besson not taking part in the vote) to accept the amendment presented to it.

(D) Agreements with Vine

Persons concerned:

- EuropaCorp;
- Luc Besson, Chairman of the Board of Directors of EuropaCorp, Chairman and majority shareholder of Front Line.

As part of the implementation of the safeguard plan, various contracts were signed between EuropaCorp, Front Line, Luc Besson and Vine, EuropaCorp's American fund:

-Governance Matters (EuropaCorp, Luc Besson, Front Line, Vine Creditors other than Vine Investments Advisors);

-LB Agreement (EuropaCorp, Luc Besson, Vine Investments Advisors).

As of the restructuring implemented as part of the safeguard plan, Luc Besson will no longer be the major shareholder of EuropaCorp, which will be controlled by the Vine Fund III funds. Luc Besson remains a member of the Company's Board of Directors, where he continued to serve as Chairman and Chief Executive Officer for an interim period, before the new Chief Executive Officer was appointed by the Board of Directors in consultation with Luc Besson. Luc Besson serves as Artistic Director of EuropaCorp, overseeing all artistic production and activities, notably by defining the editorial line and content strategy, as well as by selecting projects.

In this new context, given that the continuity of relations with Luc Besson is a decisive condition for the completion of the operation, EuropaCorp, Luc Besson Production and Luc Besson committed to signing a Collaboration Agreement as part of the Restructuring, in order to perpetuate their relationship. This is a five-year commitment which can be extended for a further two years.

In particular, Luc Besson undertakes to work exclusively with EuropaCorp and Luc Besson Production in his role as author, director and/or producer for any audiovisual entertainment, whether a film or a series, and to giving EuropaCorp first refusal. During this period, Luc Besson will receive fixed annual fixed compensation of \$600,000 in respect of his role as Artistic Director, as well as his existing expatriation package of \$1 million.

At the end of the exclusivity period, Luc Besson will grant EuropaCorp the possibility of acquiring the scripts not yet produced during the exclusivity period for a guaranteed minimum of \$1 million against 5% of the producer share of net revenue (*recettes nettes part producteur* - RNPP).

Luc Besson will set up the Luc Besson Production entity, which he will manage and control independently of EuropaCorp. Luc Besson Production will offer all his projects to EuropaCorp, which will have first refusal.

Luc Besson Production will provide EuropaCorp with the main elements of the project, in particular a budget including, where applicable, the minimum guarantees for Luc Besson as author and/or director. If EuropaCorp selects the film and finances it *via* the US Borrower, the US Borrower will replace EuropaCorp and temporarily become the beneficiary of all the exploitation rights of the film. Initially, it will acquire the all-territory distribution rights from Luc Besson Production and then, in a second phase, EuropaCorp will pay the balance in exchange for the transferable intellectual property rights and all other residual financial rights relating to the films produced.

Each project will be the subject of a dedicated budget and the remuneration of Luc Besson will be determined according to his role in the various projects:

- where relevant, Luc Besson will receive a minimum guarantee of between \$400,000 and \$1.6 million for his role as author of any English-language films with international exposure, to be charged against 5% of the RNPP;

- where relevant, Luc Besson will receive a minimum guarantee of between \$2 million and \$6 million for his role as director of any English-language films with international exposure, to be charged against 5% of the RNPP;
- all producers will receive total compensation of between \$350,000 and \$2 million for any English-language films with international exposure, which will include any portion owed to Luc Besson.

Lastly, under the Collaboration Agreement, if Luc Besson has delivered to EuropaCorp two English-language films with international exposure for which he assumes the responsibility as author and/or director, and the budget of these two films is 100% covered by pre-sales, Luc Besson will receive an annual allocation of 1% of EuropaCorp's market capitalization paid in shares.

The various components of Luc Besson's compensation correspond to the various roles that he will assume for the needs of EuropaCorp and Luc Besson Production after the Restructuring:

- In return for its exclusivity with EuropaCorp for all its future projects and its commitment to maximize the value of the catalog, Luc Besson will receive an annual fixed compensation for his role as Artistic Director and the expatriation package. Indeed, following the Restructuring, this exclusivity would no longer be obvious because Luc Besson will become a minority shareholder of EuropaCorp, of which he will no longer assume the role of CEO after a possible interim period. Ensuring his exclusive collaboration and availability has become essential for shareholders, as is manifest through the Collaboration Agreement.
- In return for the roles he would assume for the various films produced by Luc Besson Production and distributed by EuropaCorp, Luc Besson will receive a minimum guarantee as author and/or director, to be charged against 5% of the RNPP, as well as compensation for his role as producer. This arrangement is standard for the entertainment industry and the proposed compensation ranges are in line with the compensation received by Luc Besson for similar roles for EuropaCorp's latest international productions (*Anna*, *Valerian*, *Taken 3*, *Lucy*). These compensation items, included in the budget per film, will be subject to the approval of third parties who, by agreeing to finance the project *via* the payment of guaranteed minimums, will indirectly validate their amounts.
- In order to encourage him to deliver projects enabling EuropaCorp to be profitable and to perpetuate the value of its catalog, Luc Besson will receive an annual allocation conditional on his performance. EuropaCorp's value creation is linked to Luc Besson's ability to successfully complete new projects, which will be distributed by EuropaCorp. If these projects are (i) ambitious, (ii) sufficient in number, (iii) validated by the Board of Directors, and (iv) low financial risk, Luc Besson will contribute to the creation of value for all shareholders and he will be compensated in the form of EuropaCorp shares, strengthening his link with the Company. This incentive arrangement is also consistent with the mutual desire to focus Luc Besson's role on creativity and content.

(E) Shareholder agreement

Persons concerned:

- EuropaCorp;
- Vine Investments;
- Luc Besson, Chairman of the Board of Directors of EuropaCorp, Chairman and majority shareholder of Front Line.

This shareholders' agreement was signed on July 28, 2020. It is an extension of the agreements with Vine described in (H).

(F) Cooperation agreement

Persons concerned:

- EuropaCorp;
- Sea Side Film Company.

The agreement, signed on March 29, 2021, covers the guilds in the United States.

(G) Luc Besson Production domiciliation agreement

Persons concerned:

- EuropaCorp;
- Luc Besson, Chairman of the Board of Directors of EuropaCorp, Chairman and majority shareholder of Front Line and sole shareholder of Luc Besson Production.

On May 7, 2020, EuropaCorp accepted the free domiciliation of Luc Besson Production, a company wholly owned by Luc Besson and newly created in accordance with the EuropaCorp safeguard plan.

(H) Studios de Paris / Front Line transaction

Persons concerned:

- EuropaCorp;
- Luc Besson, Chairman of the Board of Directors of EuropaCorp, Chairman and majority shareholder of Front Line

The main purpose of this transaction was to recognize that the balance of rent or occupancy compensation due by Studios de Paris for its presence at La Cité du Cinéma was to be paid to EuropaCorp and not to Front Line. Front Line therefore had to reimburse the sum of €150,000 received from Studios de Paris in respect of the payment of part of the rents. In addition, EuropaCorp slightly reduced its rental receivable against SDP from €4,299,335.92 (incl. tax) to €3,942,873.17 (incl. tax) and its current account receivable against SDP from €6,546,574.67 to €6,508,945.66.

The transaction was signed on February 15, 2022.

(I) Agreements entered into with LBP in connection with the production of the film *Dogman*

Persons concerned:

- EuropaCorp;
- Luc Besson, Chairman of the Board of Directors of EuropaCorp, Chairman and sole shareholder of Luc Besson Production (LBP).

As part of the production of the film *Dogman*, directed by Luc Besson, 11 contracts were presented to the Board of Directors on March 29, 2022 and validated by it. Of these contracts, seven were standard agreements and four were regulated agreements. This is an agreement for the secondment of EuropaCorp staff to LBP, a contract for the reimbursement of LBP's general and administrative expenses, an LBP service agreement and a sub-leasing contract for the premises of École de la Cité.

2.13.2 The regulated agreements entered into in previous financial years and modified during the financial year ended on March 31, 2023 are as follows

None

2.13.3 The regulated agreements entered into during the financial year ended on March 31, 2023

are as follows

(J) Debt waiver with a reversion to better fortune clause

Persons concerned:

- EuropaCorp;
- Luc Besson, Chairman of the Board of Directors of EuropaCorp, Chairman of the École de la Cité association

By a termination amendment dated March 26, 2021, the parties agreed to terminate, with effect from March 21, 2021, the lease agreement between them. On May 30, 2022, the Parties entered into an agreement under which EuropaCorp waived its rental arrears receivable of €229,839.19, excluding interest, with a return to better fortune clause: EuropaCorp will again become full creditor in the event that La Cité du Cinéma could reopen its classes. This agreement was authorized by the Board of Directors on May 30, 2022.

2.13.4 The regulated agreements authorized after the financial year ended on March 31, 2023 are as follows

(K) Transactional Agreement with B.O. signed on 04/21/2023

Persons concerned:

- Front Line, EuropaCorp shareholder, and B.O. partner with a 51% stake;
- EuropaCorp;
- Luc Besson, Chairman of the Board of Directors of EuropaCorp, Chairman and majority shareholder of Front Line.

In a contract dated April 21, 2023, the Parties signed a transactional agreement relating notably to rent arrears.

2.14 Research and development activity

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

However, for information purposes, the costs of finding the subjects, talents and scouting necessary for the development of production are recognized as intangible assets and are individualized on a project-by-project basis. These 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.

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.

The level of the provisions for depreciation is reviewed project by project at each reporting date (see the notes to the consolidated financial statements in Section 4.5).

2.15 Employee information

2.15.1 Employment

- *Reporting scope*

For the reporting of all labor data, the scope used for the 2022/2023 financial year is that of the Group's scope of consolidation as of March 31, 2023, including the subsidiary based in Los Angeles.

- *Breakdown and growth of the workforce*

As of March 31, 2023, the EuropaCorp Group employed 30 people (excluding casual staff), including 4 new employees (i.e. 13% of the total workforce).

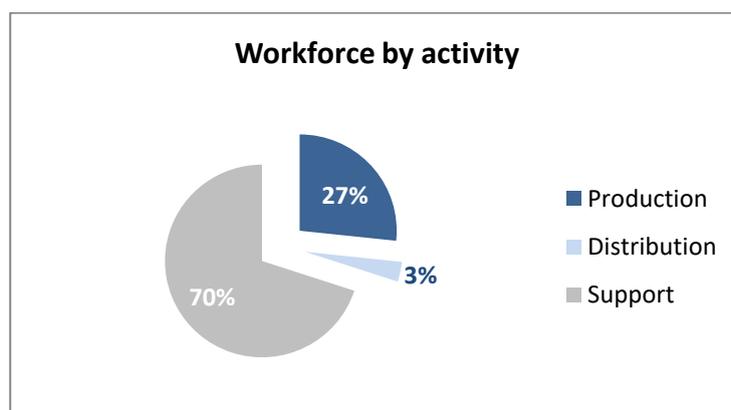
The Group's workforce decreased during the financial year ended on March 31, 2023, due notably to the disposal of the post-production subsidiary Digital Factory, which had 10 employees.

Breakdown of workforce per company:

	Workforce as of March 31, 2023	Workforce as of March 31, 2022	Workforce as of March 31, 2021
EuropaCorp SA ⁽¹⁾	29	26	28
Digital Factory ⁽²⁾	0	10	10
EuropaCorp Films USA	1	3	3
Total	30	39	41

⁽¹⁾ Companies included in the Economic and Social Unit (UES).

⁽²⁾ This subsidiary was sold on 09/30/2022.



As of March 31, 2023, the employees directly involved in the film-making process (distribution and production) accounted for 30% of the workforce.

The support functions account for 70% of the workforce and handle all Group management activities (finance, accounting, legal affairs, sales administration, IT, corporate services, etc.).

97% of EuropaCorp Group's employees are on permanent employment contracts. Managers represent 77% of employees, the same figure as of March 31, 2022. All employees are full-time. Overall, the workforce comprised 40% women (including 83% of managers) and 60% men (including 72% managers).

The average age of the employees present on March 31, 2023 was 45, i.e. the same as on March 31, 2022. As of March 31, 2023, 13% of the Group's workforce was under the age of 28 and 30% was 50 and over.

The average length of service within the Group was ten years as of March 31, 2023.

- *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 on March 31, 2023, the Company and its subsidiaries directly employed 16 casual entertainment industry workers, totaling some 1,823 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 on March 31, 2023, the total gross compensation paid to Group employees and casual staff amounted to €7.1 million, i.e. approximately 19% 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 2022/2023 financial year, nothing was contributed by Group companies under the special profit-sharing reserve, compared with €17,842 the previous financial year.

Main social indicators	Unit	03.31.2023	03.31.2022	03.31.2021
Total Group workforce as of March 31	<i>No. of employees</i>	30	39	41
Number of casual employees	<i>No. of casuals</i>	8	71	50
Average length of service of Group employees	<i>No. of years</i>	8.0	9.9	9.1
Average age of Group employees	<i>No. of years</i>	45	45	42
Payroll (permanent employees + casual staff)	<i>In millions of €</i>	7.1	7.7	6.4
Percentage of women in total workforce	%	40	33	37

2.15.2 Other employee information

2.15.2.1 Stock options, free shares and warrants

- *Stock options*

As of the date of this report, no stock option or share purchase plans are still active.

- *Award of free shares*

By decision of July 15, 2021, and on the proposal of the Appointments and Compensation Committee on the same day, the Board of Directors decided to set up a plan for the free allocation of 2,932,915 performance shares of EuropaCorp SA for the benefit of the employees and corporate officers of EuropaCorp and its subsidiaries located in France. These performance shares will vest subject to a presence condition and performance conditions assessed

over a three-year period, in order to encourage the employees to take action in the long term, to build loyalty and to promote alignment of their interests with the interests of the Company and the interests of shareholders.

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

2.15.2.2 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: EuropaCorp, EuropaCorp Distribution, EuropaCorp Home Entertainment, EuropaCorp Television and Blue Event.

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, the amount contributed by Group companies in respect of the special profit-sharing reserve was as shown below:

<i>In euros</i>	03.31.2023	03.31.2022	03.31.2021
EuropaCorp	0	€17,842	0

- *Incentive mechanisms*

There is no agreement concerning incentive mechanisms within the Group.

2.16 *Control and reduction of environmental impacts*

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 restoration.

In addition, EuropaCorp encourages the development of low-carbon mobility for its employees by providing spaces reserved for electric cars in the La Cité du Cinéma car park.

- *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 is notably the case for *Valerian and the City of a Thousand Planets*, 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 metric 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.

The development of docuseries on the protection of the environment is also one of the Group’s new strategic priorities, with several projects under development.

2.17 *Information on supplier and customer payment terms*

Pursuant to the provisions of Articles L.441-14 and D.441-6 of the French Commercial Code, you will find below the breakdown of the Group’s balance of debts to its suppliers as of March 31, 2023 by maturity date:

	Factures reçues non réglées à la date de clôture de l'exercice dont le terme est échu					Factures émises non réglées à la date de clôture de l'exercice dont le terme est échu				
	1 à 30 jours	31 à 60 jours	61 à 90 jours	91 jours et plus	Total (1 jour et plus)	1 à 30 jours	31 à 60 jours	61 à 90 jours	91 jours et plus	Total (1 jour et plus)
Nombre de factures concernées										
	36					207				
Montant total des factures concernées	11,4	-	(1,1)	(2 401,4)	(2 391,1)	401,0	22,7	107,8	1 818,0	2 349,5
Pourcentage du montant total des achats de l'exercice	0,0%	0,0%	0,0%	7,1%	7,0%					
Pourcentage du chiffre d'affaires de l'exercice						1,1%	0,1%	0,3%	5,1%	6,6%

3. CORPORATE GOVERNANCE

3.1 Report on corporate governance

Pursuant to Articles L.225-37 *et seq.* of the French Commercial Code, the Board of Directors has prepared this report on corporate governance and appended it to the management report.

1. Board of Directors

1.1. Composition of the Board of Directors

During the financial year ended on March 31, 2023, the Board of Directors was composed of the following five members:

Personal information					Position on the Board				
First and last name	Age	Gender	Nationality	Number of shares	Independence	Initial date of appointment	Term expires	Seniority on the Board	Participation in advisory committees
Luc Besson	64	M	French	4,035*	No	09.16.08	2024	15 years	N/A
James Moore	58	M	American	1	No	07.29.20	2024	3 years	Yes
Deborah Carlson	65	F	American	1	Yes	07.29.20	2024	3 years	Yes
Alexandra Voss	35	F	American	1	Yes	07.29.20	2024	3 years	Yes
Axel Duroux	60	M	Swiss	827,787	No	07.29.20	2024	3 years	Yes

* This amount does not include the number of shares held by Front Line, of which Luc Besson is a shareholder.

1.2. Functioning of the Board of Directors

The Board of Directors meets as many times as the interests of the Company justify and at least once per quarter. The Board is assisted in the performance of its duties by a Compensation Committee.

In accordance with Articles L.225-23 and L.225-27-1 I. of the French Commercial Code, the Company's Board of Directors does not have a director representing employees, nor a director representing employee shareholders. However, the two representatives of the Social and Economic Committee are invited to attend each meeting of the Board of Directors in an advisory capacity.

It is also specified, in accordance with Article R.225-29-1 II 5° of the French Commercial Code, that no director is bound by an employment contract and/or a service agreement with the Company.

1.3. Diversity of the Board

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. Indeed, this diversity is essential for the Board because it is a source of dynamism, creativity and performance and ensures the quality of the Board's discussions and decisions. In particular, the Board ensures that the skills of its members are varied, in line with the long-term strategic orientations, covering both the operational management of the companies, international experience, finance and legal advice.

The Board of Directors for the financial year ended was composed of two women and three men, in strict compliance with the provisions of Article L.225-17 of the French Commercial Code. It also comprises two independent members out of five.

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

To best adapt the Company's management structure to its situation and use the flexibility that the management of a listed company requires³, 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.

Since January 1, 2018, the Company was managed by Luc Besson, Chairman of the Board of Directors, as permitted by Article L.225-51-1 of the French Commercial Code. However, he was assisted by a Chief Operating Officer, Régis Marillas, appointed to this position on September 24, 2018. His term of office ended on August 31, 2020.

Since September 1, 2020, the company is managed by Axel Duroux. Luc Besson remains Chairman of the Board of Directors.

The Chief Executive Officer has the widest powers to act on behalf of the Company within the scope of the corporate purpose. There is no limitation on the powers of the Chief Executive Officer by the Board of Directors.

3. Offices and positions held within the Group by the corporate officers during the financial year

In accordance with Article L.225-37-4 of the French Commercial Code, the report on corporate governance must indicate the list of offices and positions held in any company by each corporate officer.

Corporate officer	Position within the Group	Positions within third-party companies
Luc Besson	Chairman of the Board of Directors of EuropaCorp Artistic Director of EuropaCorp	Chairman of Luc Besson Production Chairman of Front Line
James Moore	Director of EuropaCorp	Managing Partner of Vine Investment Advisors and Vine Alternative Investments
Deborah Carlson	Director of EuropaCorp	Director of KBC Bank & Verzekering
Alexandra Voss	Director of EuropaCorp	Chief Client Officer & Deputy CEO, Partner, of Nyhavn Capital
Axel Duroux	Chief Executive Officer of EuropaCorp	None

³ The listing of EuropaCorp was transferred from Euronext Paris to Euronext Growth Paris on November 16, 2021.

4. *Delegations granted*

Information on these items is provided in Section 2.9.4 of the management report. For the 2022-2023 financial year, it will be proposed to renew all of these delegations under the same terms and conditions at the General meeting of September 12, 2023.

5. *Related-party agreements*

On July 18, 2019, the Board of Directors reiterated that the agreements referred to in Article L.225-39 of the French Commercial Code had always been presented to the Board of Directors before being entered into. At this meeting, the Board of Directors decided to officially endorse this already existing practice and to continue to have this type of agreement validated by the Board of Directors in advance.

The list of the regulated agreements is presented in the Statutory Auditors' special report on regulated agreements and in Section 2.13 of the management report.

6. *Free shares allocated to corporate officers*

The Extraordinary general meeting of September 28, 2020 approved the allocation of free shares to Axel Duroux for a value of €400,000 in respect of his **entry into office** as follows:

Number of shares: The number of shares to be allocated to Axel Duroux will be determined by dividing €400,000 by the average price of the Company's shares over the period of ten consecutive trading days immediately preceding the date of the Extraordinary general meeting and up to a limit of 0.8% of the share capital; 553,787 shares were therefore allocated to him on October 26, 2020;

Vesting period: The free shares will be subject to a vesting period of one year, except in the event of (i) death, as provided for in Article L.225-197-3 of the French Commercial Code, (ii) second- or third-category disability provided for in Article L.341-1 of the French Social Security Code, or (iii) under the conditions approved by the Board of Directors at the time of the Chief Executive Officer's departure and in accordance with the terms and conditions that the Board of Directors will determine (i.e. the free shares will therefore only be definitively allocated if Axel Duroux is still Chief Executive Officer or employee of EuropaCorp or one of its subsidiaries at the end of the one-year vesting period, unless otherwise decided by the Board of Directors);

Retention period: The free shares will be subject to a retention period of one year from the end of the vesting period, except in the event of (i) death, under the conditions provided for in Article L.225-197-3 of the French Commercial Code, (ii) second- or third-category disability provided for in Article L.341-1 of the French Social Security Code, or (iii) under the conditions approved by the Board of Directors at the time of the Chief Executive Officer's departure and in accordance with the terms and conditions that the Board will determine. In the same way as for long-term share-based compensation, Axel Duroux will be subject to an obligation to retain 50% of the free shares thus acquired in his capacity as executive corporate officer, until the end of his term of office. This obligation is intended to ensure that the interests of the Chief Executive Officer are sufficiently aligned with those of the shareholders.

Performance condition: As free shares are part of a compensation for entering into office, by way of derogation from the provisions of the internal rules in terms of governance, no performance condition will apply.

Pursuant to this authorization, on October 26, 2020, the Board of Directors allocated 553,787 free shares with a value of €400,000 to Axel Duroux. A vesting period of one year has been set from the allocation date.

On October 26, 2021, the Board of Directors noted the achievement of the grant conditions and consequently the issuance of 553,787 shares to Axel Duroux. Since October 27, 2022, these shares have been assimilated to existing

shares.

With the exception of Axel Duroux, no corporate officer was granted stock options or free shares.

Board of Directors

4. CONSOLIDATED FINANCIAL STATEMENTS

4.1 Profit and loss statement

		Year ended	
		March 31, 2023	March 31, 2022
(amounts in thousands of euros, except for the number and data per share)			
Revenue	Note 4.1	37,487	35,293
Operating income	Note 4.1	37,487	35,293
Cost of sales		(20,221)	(16,392)
Operating margin	Note 4.2	17,267	18,901
Overheads	Note 4.3	(13,820)	(15,173)
Other operating income and expense	Note 4.4	461	15,275
Operating profit (loss)		3,909	19,003
Income from financial investments / (Cost of financial debt)		(2,539)	(2,585)
Other financial income and expenses		(1,047)	631
Net gain from debt restructuring		0	0
Financial income	Note 4.5	(3,586)	(1,954)
Income from recurring operations before taxes		322	17,049
Income tax	Note 4.6	(259)	(358)
Share of net income of associates	Note 3.5	0	0
Net income		63	16,691
Of which			
Net Income - Minority share		5	39
Net income - Group share		58	16,652
Basic earnings per share	Note 2.22	0.00	0.14
Diluted earnings per share	Note 2.22	0.00	0.13
Number of shares used to calculate basic EPS		123,039,114	122,421,441
Number of shares used to calculate diluted EPS		125,822,029	125,116,434

As of March 31, 2023, earnings before interest and taxes (EBIT) included €12,407 thousand in amortization expenses versus €10,523 thousand as of March 31, 2022. As of March 31, 2023, earnings before interest, taxes, depreciation and amortization (EBITDA) totaled €16,315 thousand versus €29,526 thousand as of March 31, 2022.

STATEMENT OF COMPREHENSIVE INCOME

	03.31.2023	03.31.2022
Net income	63	16,691
<i>Income and expenses directly recognized in equity</i>		
- Net investments change		
- Currency translation differences	(65)	151
- Available-for-sale assets		
- Cash flow hedges		
- Reevaluation of 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	(65)	151
Total comprehensive income for the period	(2)	16,842
<i>Comprehensive income breakdown for the period</i>	03.31.2023	03.31.2022
Shareholders of the entity	(6)	16,803
Minority interest	5	39
Total comprehensive income for the period	(2)	16,842

4.2 Statement of financial position

<i>(amounts in thousands of euros)</i>		March 31, 2023			March 31, 2022
ASSETS		Gross	Amortisations/Provisions	Net	Net
Non-current assets :					
Goodwill	Note 3.1	12 936	(12 936)	0	0
Intangible assets	Note 3.2	1 457 170	(1 428 486)	28 684	31 583
Property and Equipment	Note 3.3	1 268	(1 104)	164	561
Other financial assets	Note 3.4	6 573	0	6 573	7 527
Investments in associates	Note 3.5	0	0	0	0
Deferred taxes assets		12	0	12	530
Right-of-use leased assets	Note 3.10	15 710	(14 261)	1 449	5 220
		0	0	0	0
Total non-current assets		1 493 669	(1 456 787)	36 882	45 421
Current assets :					
		0	0	0	0
Inventory		202	(138)	63	98
Trade accounts receivable	Note 3.6	26 196	(2 496)	23 700	15 784
Other accounts receivable	Note 3.7	11 192	(7 144)	4 047	5 275
Other current assets	Note 3.13	1 592	0	1 592	3 054
Cash and cash equivalents	Note 3.12	55 688	0	55 688	60 573
Total current assets		94 869	(9 779)	85 090	84 783
TOTAL ASSETS				<u>121 972</u>	<u>130 204</u>
				31 mars	31 mars
				2023	2022
LIABILITIES					
Equity - Group share					
Issued capital				41 862	41 862
Retained earnings and reserves				(41 082)	(41 775)
Total equity - Group share	Note 3.8			780	87
Minority interests					
				391	387
Non-current liabilities :					
Provisions for pensions and similar				508	361
Deferred taxes liabilities				0	271
Long term borrowings and financial debts	Note 3.9			66 597	74 443
Deposits and guarantees received	Note 3.9			286	287
Lease liability - long term (> 1 year)	Note 3.10			1 958	5 040
Other non-current liabilities	Note 3.13			7 986	6 749
Total non-current liabilities				77 334	87 151
Current liabilities :					
Short term borrowings and financial debts	Note 3.9			10 969	12 211
Lease liability - short term (< 1 year)	Note 3.10			2 686	2 778
Provisions for risks and expenses	Note 3.11			161	227
Trade accounts payable	Note 3.12			20 442	16 217
Other financial liabilities				7 021	7 107
Other current liabilities	Note 3.13			2 189	4 037
Total current liabilities				43 467	42 578
TOTAL LIABILITIES				<u>121 972</u>	<u>130 204</u>

4.3 Statement of cash flows

Year Ended March 31,

<i>(amounts in thousands of euros)</i>	2023	2022
Operations		
Net income - Group share without discontinued operations	58	16 652
Net income - Minority share	5	39
Depreciation and amortization	15 937	15 021
Unrealised gains and losses relating to changes in fair value	0	0
Change in the fair value of securities-related liabilities	0	0
Capital gains or losses on the disposal of assets	302	(2 365)
Share of income from associates consolidated using the equity method	0	0
Income and expenses due to share-based payments and similar	692	967
Operating cash flow after net financial debt cost and taxes	16 994	30 314
(Income from financial investments) / Cost of financial debt	1 887	3 007
Taxes (Income) / Cost	259	358
Operating cash flow before net financial debt cost and taxes	19 140	33 678
Change in working capital requirement :		
Inventory	34	94
Trade accounts and notes receivable	(7 080)	15 294
Deferred costs	410	(580)
Trade notes and accounts payable	4 443	(22 816)
Deferred income	161	(4 971)
Tax paid	0	(505)
Net cash flow from operations	17 108	20 194
	Note 5.1	
Investment activities		
Acquisition of intangible assets	(9 592)	(2 417)
Acquisition of other intangible assets	(31)	(0)
Acquisition of property and equipment	(71)	(83)
Income on disposal of intangible assets and property, plant and equipment	95	44
Net change in financial assets	733	2 359
Change in liabilities on long-term investment	0	0
Change in minority reserves	0	0
Impact of the changes in the scope of consolidation	(109)	2 345
Net cash flow from investment activities	(8 975)	2 247
	Note 5.1	
Financing activities		
Dividends paid	0	0
Increase in capital	0	0
Capital increase expenses	0	0
Net increase in bank borrowings and overdrafts	2 166	1 812
Net decrease in bank borrowings and overdrafts	(10 134)	(5 054)
Decrease in lease liability	(3 742)	(3 050)
Net change in treasury shares	0	58
Interest expenses paid	(1 947)	(2 669)
Interest income received and net gain/loss from disposals	628	83
Net cash flow from financing activities	(13 030)	(8 819)
	Note 5.1	
Overall change in cash position	(4 897)	13 623
Incidence of foreign exchange rate change	13	91
Opening cash position	60 573	46 858
Cash position at the end of period	55 688	60 573
broken down into:		
Marketable securities	649	658
Cash and cash equivalents	55 039	59 915
Overdraft	(0)	(0)

4.4 Statement of changes in equity

<i>(amounts in thousands of euros, except for the number of shares)</i>	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, 2022 balance	123 124 383	41 862	135 192	(198 166)	4 602	(56)	16 652	87	387	474
Net income appropriation in reserves				16 652			(16 652)			
Transfer of a part of the share premium in reserves										
Dividends distribution										
Share-based payments				692				692		692
Net variation of treasury shares and stock dividends						7		7		7
Impact of the changes in the scope of consolidation									(1)	(1)
Currency translation reserve					(65)			(65)		(65)
03/31/2023 net income							58	58	5	63
Total of income and costs of the period	0	0	0	0	(65)	0	58	(6)	5	(2)
Capital increase										
Capital increase expenses										
Free shares allocation plan										
March 31, 2023 balance	123 124 383	41 862	135 192	(180 821)	4 538	(49)	58	780	391	1 170

4.5 Notes to the financial statements

NOTE 1 – THE EUROPACORP GROUP

1.1 The Group's business

The core business of EuropaCorp, a public limited company (*société anonyme*) 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

Following the Universal Transfer of Assets ("*TUP*") of the companies Blue Advertainment, Dog Productions, Intervista and Ydéo to EuropaCorp S.A., these subsidiaries were removed from the scope of consolidation. This change in the scope of consolidation has no impact on the consolidated financial statements.

As announced on September 29, 2022, the Group sold its subsidiary Digital Factory to the Atlantis Group, the leading program manufacturer in Europe. EuropaCorp's post-production activities were grouped under the "Digital Factory" label and included all image and sound post-production operations. This subsidiary was therefore also removed from the scope of consolidation.

1.2.2 Consolidated companies

All the companies in the scope prepare their accounts in euros (except EuropaCorp Films USA, EuropaCorp Pictures LLC and EuropaCorp Finance LLC, which prepare their accounts in US dollars).

			<i>Financial year ended on March 31, 2023</i>				
Company	Registered office	SIREN number	Entry into the scope	Exit from the scope	Consolidation method	% interest	% 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	12/31/2022			
Intervista	20, rue Ampère, 93200 Saint-Denis	395 246 408	April 1, 2002	12/31/2022	FC	100%	100%
EuropaCorp TV	20, rue Ampère, 93200 Saint-Denis	502 039 274	January 14, 2008				
Ydéo	20, rue Ampère, 93200 Saint-Denis	434 677 688	May 16, 2007	12/31/2022			
EuropaCorp Television	20, rue Ampère, 93200 Saint-Denis	441 532 801	April 1, 2010		FC	95.20%	95.20%
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	12/31/2022			
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	09/30/2022			
EuropaCorp Films USA, Inc.	21650 Oxnard Street (c/o Armanino LLP), Suite 2400 Woodland Hills, CA 91367		April 1, 2013		FC	100%	100%
Valerian Holding	20, rue Ampère, 93200 Saint-Denis	814 810 982	November 20, 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 16, 2017		FC	100%	100%
EuropaCorp Finance, LLC	68 South Service Road, Suite 120, Melville, New York, 11747- 2350, USA		July 1, 2020		FC	100%	100%
EuropaCorp Pictures, LLC	68 South Service Road, Suite 120, Melville, New York, 11747- 2350, USA		July 1, 2020		FC	100%	100%

1.3 Significant events during the financial year

1.3.1 *Disposal of the post-production subsidiary Digital Factory*

As announced on September 29, 2022, the Group sold its subsidiary Digital Factory to the Atlantis Group, the leading program manufacturer in Europe. EuropaCorp's post-production activities were grouped under the "Digital Factory" label and included all image and sound post-production operations. EuropaCorp wants to refocus on its core business activities, which are the production and distribution of films and series around the world. As part of this strategy, EuropaCorp sold its subsidiary Digital Factory to the audiovisual group Atlantis, a major player in post-production in France.

1.3.2 *Main films*

The Group has co-produced with the company LBP during the Covid-19 period the film *Arthur Malediction*, written by Luc Besson and directed by Barthélemy Grossmann, for which it holds the distribution rights. It is a horror spin-off from the *Arthur & the Invisibles* universe, released in French cinemas on June 29, 2022. It had nearly 200,000 admissions in France.

During the financial year, internationally, the Group also delivered the films *Dogman* and *June & John*, both produced by Luc Besson.

EuropaCorp coproduced the film *Dogman* with LBP, which was written and directed by Luc Besson and produced by Virginie Besson-Silla, with Caleb Landry Jones in the lead role (winner of the Cannes Best Actor Award in 2021 for *Nitram*). The film tells the incredible story of a young man, bruised by life, who finds salvation through the love of his dogs. The projection of *Dogman* intended for international distributors at the last Berlin Film Festival, in February 2023, received unanimous and enthusiastic reactions. To meet the expectations of these distributors and to organize the award and festival season, it was decided to coordinate the release of the film in all regions. *Dogman* will therefore benefit from a global release in the last quarter of 2023, and notably on September 27 in France.

The Group also produced *June & John*, an English-language film written and directed by Luc Besson, and produced by Virginie Besson-Silla. It was filmed during the Covid epidemic in Los Angeles in the spring of 2021, with a reduced budget and promising young actors, Luke Stanton Eddy and Matilde Price. Like *Dogman*, the film was delivered to the international distributor, Kinology, on March 31, 2023, and the release strategy is being finalized.

NOTE 2 – ACCOUNTING POLICIES

2.1 General accounting policies

2.1.1 General accounting policies

In accordance with Regulation (EU) No. 1606/2002 of July 19, 2002, EuropaCorp's consolidated financial statements for the financial year ended on March 31, 2023 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 principles used to prepare the consolidated financial statements comply with IFRS standards and interpretations as adopted by the European Union at March 31, 2023 and available on the website: [Annual financial statements \(europa.eu\)](https://europa.eu/annual-financial-statements)

These accounting policies are consistent with those used to prepare the annual consolidated financial statements for the financial year ended on March 31, 2022, with the exception of IFRS standards and IFRIC interpretations applicable from January 1, 2023, 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 12 months at a minimum, but not limited to this timeframe, from the end of the reporting period, i.e. until March 31, 2024.

The Group is not experiencing any short-term cash flow pressure at this stage and already has several film projects already in production or ready to go into production. The continuity of operations is therefore ensured given the information available at the closing date of these annual financial statements.

2.2 Changes in the IFRS framework

In particular, the IFRS standards of the IASB and the IFRIC interpretations, as adopted by the European Union (available on the European Commission's website <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3A126040>) for financial years beginning on or after April 1, 2022, have been applied by the Company and have not resulted in any significant change in the methods of valuation and presentation of the financial statements.

IFRS standards, IFRIC interpretations or amendments applied by the Company as from April 1, 2022

The new standards, amendments to standards and interpretations that came into force for financial years opened after January 1, 2022, had no significant impact on the Group's financial statements:

- Annual improvements (2018-2020) to IFRS
- Amendments to IFRS 3 "Business Combinations"
- Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts - Contract Performance Costs"

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 March 31, 2023; to date these have not been applied by the Company.

- Amendments to IAS 28 and IFRS 10 “Sale or Contribution of Assets Between an Associate and a Joint Venture”
- Amendments to IAS 1 on the classification of liabilities as current and non-current liabilities

On March 31, 2023, the IASB published a standard and interpretations, adopted by the European Union, applicable to financial years beginning on or after January 1, 2023. These texts were not applied in anticipation.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of an Accounting Estimate”
- Amendments to IAS 12 “Income Taxes”

The impact of draft standards or interpretations 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, when a controlled company is consolidated for the first time, the assets, liabilities and contingent liabilities of the acquired company are measured at fair value. 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, EuropaCorp Films USA, Valerian Holding, EuropaCorp Finance LLC, EuropaCorp Picture LLC;
- for the **Production and Distribution of TV drama and series** CGU: EuropaCorp Television, EuropaCorp TV (themed channels and audiovisual productions);
- for the **Event** CGU: Blue Event.

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. The estimated proceeds correspond to the revenues of France and US Theaters, France and US TV,

France and US Video, International sales, less the payment of net revenues to officers or third parties and other general marketing expenses.

The future cash flows have been calculated over a period of up to 15 years, taking into account a yearly inflation rate of 1.75% and a tax rate of 23.3% in the United States and of 25% in France, in accordance with the rate decrease decided by the Government. For a few rare high-potential intangible assets (films), a perpetual inflow has been considered based on the most recent television sale, with a rate of decline comprised between 8.8% and 11.1% before inflation every three years.

All of the estimated cash flows combined are discounted as of March 31, 2023. The rate used to discount estimated cash flows is the opportunity cost of capital (7.70%), 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 coproductions;
- 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, in view of i) the sales history of TV rights in France and finally ii) the practices of the Group’s main competitors, the use of a maximum period of 12 years to determine the projected net revenues 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 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 ultimate 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
- Vehicles: 5 years

2.9 Other financial assets

Investments in non-consolidated companies are measured at their historical cost, which as of March 31, 2023 was 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 tax loss carry-forwards 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, or when this recognition allows the tax consolidation group to limit its net deferred tax assets to the amount of its net deferred tax liabilities.

In the event of full or partial recognition of tax loss carry-forwards, 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, 2023, 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 64 years of age for all employees, across all job classifications;
- a turnover rate of 10% 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 3% for managers and 1.5% for employees and supervisors;
- 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 3.7% as of March 31, 2023.

Changes in actuarial gains and losses over the financial year are accounted for directly in the profit and loss statement.

2.17 Debt

In accordance with IAS 39, debt and other financial liabilities are valued at their amortized cost. As of March 31, 2023, debt under one year mainly comprised credit lines 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.

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 (*compte de soutien à l'industrie audiovisuelle* - COSIP), which is recorded using the same principles as the subsidies funding.

No financial support has been generated over the last two financial 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 on March 31, 2023, 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 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.

The main assumptions used for the calculations as of March 31, 2022 and March 31, 2023 are as follows:

Number of shares as of March 31, 2021	122,102,231
Number of treasury shares as of March 31, 2021	83,718
Number of shares created for the capital increase of October 26, 2021	585,787
Number of shares created for the capital increase of November 16, 2021	436,365
Number of treasury shares as of March 31, 2022	92,549
<i><u>Dilutive effect related to the free shares allocation plan</u></i>	
Maximum number of shares granted on July 15, 2021	2,932,915
Weighted average number of shares as of March 31, 2022 (excluding treasury shares)	122,421,441
Weighted average number of shares as of March 31, 2022 - dilutive (excluding treasury shares)	125,116,434

Number of shares as of March 31, 2023 (A)	123,124,383
Number of treasury shares as of March 31, 2023 (B)	85,269

<i>Dilutive effect related to the free shares allocation plan</i>	
Maximum number of shares granted on July 15, 2021 (C)	2,782,915
Weighted average number of shares as of March 31, 2023 (excluding treasury shares: A-B)	123,039,114
Weighted average number of shares as of March 31, 2023 - dilutive (excluding treasury shares: A-B+C)	125,822,029

2.23 Information by operating segment

The impact of IFRS 8 “Operating Segments” on EuropaCorp’s consolidated financial statements is specifically disclosed in Note 6 to the consolidated financial statements as of March 31, 2023.

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 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.

3.2 Intangible assets

<i>(in thousands of euros)</i>	03.31.2022	Movements of the period			03.31.2023
		+	-	<i>Other</i> ⁽¹⁾	
Films and audiovisual rights	1,423,884	9,148	-	2,569	1,435,601
Production costs	2,296	-	-	(2,296)	-
Preliminary expenses	16,718	178	(1,039)	-	15,856
Other	82,440	31	(76,602)	(156)	5,712
Gross amount	1,525,338	9,357	(77,641)	117	1,457,170
Films and audiovisual rights	(1,411,408)	(12,256)	1,039	(273)	(1,422,898)
Other	(82,346)	(1)	76,602	156	(5,588)
Depreciation/Provisions	(1,493,754)	(12,256)	77,641	(117)	(1,428,486)
Net amount	31,583	(2,900)	-	-	28,684

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

As of March 31, 2023, the net book value of intangible assets comprised the following:

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Preliminary expenses	1,122	1,050
Production costs	-	2,296
Completed films	27,438	28,144
Other intangible assets	124	94
TOTAL INTANGIBLE ASSETS	28,684	31,583

No financial expenses were capitalized in fixed assets for the financial year ended on March 31, 2023, as for the previous year.

In addition, the provision for impairment of preliminary costs incurred on film projects amounted to €15,287 thousand, as no significant provision was 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. For details, please refer to Section 2.7.4 in this Appendix.

3.3 Property, Plant and Equipment

<i>(in thousands of euros)</i>	03.31.2022	Movements of the period			03.31.2023
		+	-	<i>Other⁽¹⁾</i>	
Plant, machinery and equipment	4,319	-	(22)	(4,139)	159
Land, buildings	5,430	-	-	(5,426)	4
Other property, plant and equipment	1,350	71	(98)	(217)	1,106
Gross amount	11,099	71	(120)	(9,782)	1,268
Plant, machinery and equipment	(3,994)	-	22	3,813	(159)
Land, buildings	(5,428)	(1)	-	5,426	(3)
Other property, plant and equipment	(1,118)	(99)	88	185	(943)
Depreciation/Provisions	(10,539)	(100)	110	9,425	(1,104)
Net amount	561	(29)	(10)	(358)	164

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

Property, plant and equipment mainly includes assets held by Digital Factory (buildings, installations and technical equipment). The decrease in gross value of nearly €10 million over the period is explained by the sale of this subsidiary to the Atlantis Group in September 2022 (see 1.1. Significant events during the financial year).

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).

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Non-consolidated securities	500	500
Loans and other receivables	2,725	2,968
Deposits and guarantees > 1 year	3,347	4,059
Net amount	6,573	7,527

Deposits and guarantees mainly include the deposit paid to the lessor Nef Lumière by EuropaCorp for an amount of €2.3 million as part of the commercial lease agreement for the premises of La Cité du Cinéma, as well as the remainder of the guarantees paid to the Guilds (€0.9 million at March 31, 2023).

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

EuropaCorp does not hold any investments consolidated using the equity method.

3.6 Deferred tax

The deferred taxes as of March 31, 2023 were determined on the basis of a common law tax rate equal to 25.825% for all Group companies. Deferred tax breaks down as follows as of March 31, 2023:

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Deferred tax assets	12	530
Deferred tax liabilities		(271)
Net deferred tax	12	258
<i>Of which time difference for TV Films revenue</i>	<i>1,266</i>	<i>1,233</i>
<i>Of which Subsidies funding</i>	<i>(324)</i>	<i>(195)</i>
<i>Of which Film amortization</i>	<i>(2,524)</i>	<i>(3,312)</i>
<i>Of which fair value of forward sales in foreign currencies</i>	<i>-</i>	<i>-</i>
<i>Of which tax debt of operations</i>	<i>2,154</i>	<i>3,017</i>
<i>Of which other temporary changes</i>	<i>(560)</i>	<i>(484)</i>
Net amount	12	258

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 \$12 thousand recognized as a result of the tax loss carry-forwards relates to the company EuropaCorp Films USA. This company has a maximum theoretical amount of deferred tax assets of €36.0 million, the equivalent of \$39.1 million, in tax loss carry-forwards. The sales forecasts used and updated in May 2023 cover a five-year period from the financial year ended on March 31, 2023 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.

The consolidated Group's tax losses are recognized in the financial statements so as to cap the net deferred tax assets of the companies comprising the tax consolidation scope up to their net deferred tax liabilities.

The reconciliation between the theoretical tax calculated based on the standard French tax rate of 25.825% and the actual tax imposed on the Group is as follows:

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Income before tax and share of net income of associates	322	17,049
Cinema tax credit		
Theoretical tax rate	25.83%	25.83%
Theoretical tax expense	(83)	(4,403)
(Increase) / Decrease of tax expense resulting from:		
<i>Permanent differences</i>	179	2,388
<i>Recognition of tax loss carryforwards / (Recognized tax liabilities)</i>	(472)	2,013
<i>Miscellaneous</i>	117	(355)
Actual tax (current and deferred)	(259)	(358)

3.7 Inventory

Inventory breaks down as follows as of March 31, 2023:

<i>(in thousands of euros)</i>	Production costs (films)	Video (Blu-ray & DVD)	Merchandising	Books	Total
Gross amount as of March 31, 2022	-	152	101	-	252
Depreciation provisions	-	(54)	(101)	-	(155)
Net amount as of March 31, 2022	-	98	-	-	98
Gross amount as of March 31, 2023	-	101	101	-	202
Depreciation provisions	-	(38)	(101)	-	(138)
Net amount as of March 31, 2023	-	63	-	-	63

3.8 Trade receivables

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Trade receivables - nominal value	18,485	9,875
Provision for trade receivables depreciation	(2,496)	(2,555)
Net value of trade receivables	15,989	7,320
Contract assets	7,711	8,464
Total trade receivables	23,700	15,784

The increase in trade receivables was mainly due to the delivery of the films *Dogman* and *June & John* to international distributors at the of the financial year.

The maturity of trade receivables as of March 31, 2023 breaks down as follows:

Gross value of receivables <i>(in thousands of euros)</i>	03.31.2023	Owing	Not past due * (< 1 year)	Not past due * (> 1 year)
Total EC Group	18,485	1,749	16,736	-

* By assumption, the maturity of the receivables relating to TV sales was set according to the estimated broadcast date.

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, as of March 31, 2014, the Group recognized revenue of €29.7 million (or \$42.7 million) resulting from the buy-out agreement signed with Fox in March 2014. As of March 31, 2023, the balance of the receivable related to this agreement was settled following the payments received during the financial year, in the amount of \$1.9 million, equivalent to €1.7 million.

Additional revenue of €1.7 million was recognized under this agreement during the period, and foreign exchange gains and losses linked to movements in the dollar were recognized in operating income, in accordance with ANC Regulation no. 2015-05 of July 2, 2015.

The trade receivables owing as of March 31, 2023 mainly consist of receivables for which a collection procedure has been initiated, with a proposal for new payment schedules. Doubtful receivables amounted to €2,496 thousand and were fully 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:

<i>(in thousands of euros)</i>	03.31.2022	Accruals	Reversal		Other*	03.31.2023
			With use	Without use		
Provision for trade receivables depreciation	(2,555)	(139)	203	9	(14)	(2,496)

* *Impact of the changes in the scope of consolidation*

To secure the funding it requires for its business, EuropaCorp assigns receivables pursuant to the Dailly Act. However, the amounts due remain under trade receivables in the statement of financial position, as only settlement is transferred to the banks. As of March 31, 2023, no delegation has been granted.

3.9 Other receivables

Detail of receivables by type

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Advances and down-payments to suppliers	1,234	1,903
Support funds & COSIP (audiovisual support)	7,145	8,389
Tax and social security credits	2,171	2,515
Other receivables	642	967
Gross amount	11,192	13,774
Depreciation provisions	(7,144)	(8,499)
Net amount	4,047	5,275

As of March 31, 2023, CNC receivables (subsidy funds) included €6.2 million of the “Producer” subsidy, €0.5 million of the “Video publisher” subsidy and €0.4 million of “Export” subsidy, or a total of €7.1 million. As of March 31, 2023, this receivable was written down for an amount of €7.1 million taking into account the change of nationality of the majority shareholder on July 28, 2020 (impairment recorded during the 2019/2020 financial year).

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

3.10 Equity

3.10.1 *Breakdown of the share capital*

As of 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.

As of 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.

The Board of Directors meeting of July 28, 2020, making use of the delegation of authority granted by the Combined general meeting of shareholders held on April 28, 2020, approved a share capital increase in cash (reserved for the Vine and Falcon funds) of a total nominal amount equal to €27,582,405.50, through the creation and issue of 81,124,722 new shares with a par value of €0.34 each.

As of March 31, 2021, the share capital stood at €41,514,758.54. It is divided into 122,102,231 fully paid-up ordinary shares of the same category, with a par value of €0.34 each.

As of March 31, 2021, in compliance with IAS 32, fees directly attributable to capital increases were accounted for as a deduction from equity for an amount of €1.5 million.

Following the decision taken on October 26, 2020 by the Board of Directors of EuropaCorp, making use of an authorization granted by the Extraordinary general meeting of shareholders of September 28, 2020, to allocate free shares for the benefit of employees and corporate officers, on October 26, 2021, the Board of Directors noted the achievement of the allocation conditions and, consequently, the issuance of 585,787 new shares with a par value of thirty-four (34) euro cents each.

These shares are unavailable for a period of one year, from October 26, 2021, and will be immediately assimilated to the old shares.

The Company's share capital is thus increased to €41,713,926.12, divided into 122,688,018 shares with a par value of thirty-four (34) euro cents each, all of the same category and fully paid up.

Following the decision taken on November 16, 2020 by the Board of Directors of EuropaCorp, making use of an authorization granted by the Extraordinary general meeting of shareholders of September 28, 2020, to allocate free shares for the benefit of employees and corporate officers, on November 30, 2021, the Board of Directors noted the achievement of the allocation conditions and, consequently, the issuance of 436,365 new shares with a par value of thirty-four (34) euro cents each.

These shares are unavailable for a period of one year, from November 16, 2021, and will be immediately assimilated to the old shares.

The Company's share capital is thus increased to €41,862,290.22, divided into 123,124,383 shares with a par value of thirty-four (34) euro cents each, all of the same category and fully paid up.

Change in share capital ownership between March 31, 2022 and March 31, 2023

Corporate officers

Full name / Company	Position at 03/31/2022	Position at 03/31/2023	Nationality	Number of shares at 31/03/2022	Percentage paid up	Number of shares at 31/03/2023	Percentage paid up
Vine funds			US	73 444 492	100%	73 444 492	100%
Luc Besson and Front Line	Chairman of the Board	Chairman of the Board	FR	15 600 226	100%	15 600 226	100%
James Moore	Director	Director	US	1	100%	1	100%
Deborah Carlson	Director	Director	US	1	100%	1	100%
Alexandra Voss	Director	Director	US	1	100%	1	100%
Axel Duroux	Director	Director	FR	827 787	100%	827 787	100%

Other shareholders

Full name / Company	Nationality	Number of shares at 31/03/2022	Percentage paid up	Number of shares at 31/03/2023	Percentage paid up
Public / Other shareholders	FR	13 028 372	100%	13 035 652	100%
FF Motion Invest	CN	11 428 572	100%	11 428 572	100%
Falcon Strategic Partners IV L.P.	US	7 680 230	100%	7 680 230	100%
Lambert Capital BV	NL	0	100%	0	100%
Shares issued under the bonus share plan (Oct/Nov 2021)	FR	1 022 152		1 022 152	100%
Treasury shares	FR	92 549	100%	85 269	100%

TOTAL	123 124 383	100%	123 124 383	100%
--------------	--------------------	-------------	--------------------	-------------

Luc Besson (including his holding company Front Line) and the Vine funds entered into a shareholders' agreement on July 28, 2020, constituting an action in concert, which provides, in particular, for rules relating to governance as well as drag-along and tag-along clauses.

Equity and non-controlling interests break down as follows as of March 31, 2023 and 2022:

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Equity - Group share	780	87
Issued capital	41,862	41,862
Reserves and earnings brought forward	(41,082)	(41,775)
Non-controlling interests	391	387

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 2022/2023 financial year.

3.10.3 Award of free shares

By decision of July 15, 2021, and on the proposal of the Appointments and Compensation Committee on the same day, the Board of Directors decided to set up a plan for the free allocation of 2,932,915 performance shares of EuropaCorp SA for the benefit of the employees and corporate officers of EuropaCorp and its subsidiaries located in France. These performance shares will vest subject to a presence condition and performance conditions assessed over a three-year period, in order to encourage the employees to take action in the long term, to build loyalty and to promote alignment of their interests with the interests of the Company and the interests of shareholders.

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

3.11 Provisions for risks and expenses

The changes in the provisions for risks and expenses during the period are detailed below:

<i>(in thousands of euros)</i>	03.31.2022	Accruals	Reversal		Other	03.31.2023
			With use	Without use		
Provisions for expenses	18	-	-	(18)	-	-
Provisions for risks	1,033	47	(19)	(199)	(85)	777
Provisions for pensions	361	214	-	-	(67)	508
Provisions	1,412	261	(19)	(218)	(152)	1,285

3.11.1 Provisions for risks

The allocations and reversals for risks and expenses during the financial year mainly correspond to litigation (notably reversal of a provision for €0.2 million).

As of March 31, 2023, the provisions for risks and expenses mainly related to the following:

- a provision of €0.5 million for litigation between the Company and a third party;
- a provision of €0.1 million for labor disputes.

3.11.2 Provisions for pensions

The change in actuarial liability related to the severance pay provision is summarized below:

Actuarial liability as of 03.31.22	361
Change in scope	96
Actuarial liability interest	17
Cost of services provided during the financial year	43
Actuarial gains and losses	(8)
Benefits paid during the financial year	-
Actuarial liability as of 03.31.2023	508

The provision for pensions as of March 31, 2023 only concerns EuropaCorp, the subsidiary Digital Factory having

been sold in September 2022 (provision of €67 thousand as of March 31, 2022).

3.12 Bonds and financial liabilities - Net financial debt

The Company's net debt is as follows:

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Bonds > 1 year		
Deposits and guarantees received	286	287
Other loans and related debt > 1 year	-	-
Production credits	66,597	74,443
Total Loans Maturing > 1 year	66,883	74,730
Bonds < 1 year		
Bank loans		
Other loans and related debt < 1 year		
Production credits	10,969	12,211
Bank loans and overdrafts		
Marketable securities	(649)	(658)
Cash and cash equivalents	(55,039)	(59,915)
Net debt	22,164	26,368

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, the productions of works are presented as assets under "Non-current assets", whereas the financing of said works, given their maturity, is fully presented in "Current liabilities" with the exception of production credits subject to staggering as part of the safeguard plan approved by the Commercial Court of Bobigny on July 24, 2020.

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. These investments aim for a return close to the €STR. They are mainly invested in the money and interest rate markets and can be mobilized in the very short term. They are not exposed to a material risk of depreciation. As of March 31, 2023, the marketable securities were composed of UCITS. The accounting date of marketable securities is the value date of the purchase transaction ("settlement date").

For the entire financial year, the Group had a new credit line to finance future productions. This line was subscribed by a new generation of Vine funds and certain members of the Vine funds that are already lenders to the Company. This main line of credit of an initial amount of \$100 million bore interest at an annual rate of 8%. No drawdowns had been made on this line as of March 31, 2022 and in view of the non-use fees, this credit line was closed in June 2022, without compensation.

It should be noted that, previously, the Company had a main revolving credit line arranged by J.P. Morgan which

notably allowed it to mobilize receivables related to contracts for a maximum amount of approximately \$190 million. It bore interest on the basis of the EURIBOR or LIBOR rate plus a bank margin of 3.25%. When the safeguard plan was approved, €85.6 million had been drawn down on this main credit line.

As part of the safeguard plan, approved on July 24, 2020 by the Commercial Court of Bobigny, then amended by the validation of the request relating to the Covid-19 epidemic on March 16, 2021, the repayment of the principal credit line is planned over nine years as follows:

Year	1	2	3	4	5	6	7	8	9
% repayment	5.8%	11.8%	10.6%	6.7%	12.4%	12.4%	12.1%	14.6%	13.6%

During the 2021/2022 financial year, the first installment of €5.0 million in principal was honored, while the second, of €10.1 million, was also paid during the 2022/2023 financial year.

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:

<i>(in thousands of euros)</i>	03.31.2023		Breakdown by category of instruments				
	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	6,573	6,573			6,573		
Other current financial assets							
Derivative instruments - assets							
Cash and cash equivalents	55,688	55,688	55,688				
Financial assets	62,261	62,261	55,688	-	6,573	-	-
Debt > 1 year	66,597	66,597				66,597	
Debt < 1 year	11,255	11,255	-			11,255	
Derivative instruments - liabilities							
Financial liabilities	77,852	77,852	-	-	-	77,852	-

<i>(in thousands of euros)</i>	03.31.2022		Breakdown by category of instruments				
	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	7,527	7,527			7,527		
Other current financial assets							
Derivative instruments - assets							
Cash and cash equivalents	60,573	60,573	60,573				
Financial assets	68,100	68,100	60,573	-	7,527	-	-
Debt > 1 year	74,443	74,443				74,443	
Debt < 1 year	12,498	12,498				12,498	
Derivative instruments - liabilities							
Financial liabilities	86,941	86,941	-	-	-	86,941	-

Financial assets and liabilities are already measured at fair value in the financial statements.

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 bore interest at the LIBOR or EURIBOR rate plus a margin of 3.25%.

The table below summarizes the maturities of financial assets and liabilities as of March 31, 2023:

<i>(in thousands of euros)</i>	03.31.2023	<i>Maturities</i>		
		< 1 year	1-5 years	> 5 years
Fixed rate financial assets	-			
Variable rate financial assets	55,688	55,688		
Financial assets not exposed	6,573	-	5,963	610
Financial assets	62,261	55,688	5,963	610
Fixed rate financial liabilities	-			
Floating rate financial liabilities	77,852	11,255	42,381	24,216
Financial liabilities not exposed	-			
Financial liabilities	77,852	11,255	42,381	24,216

The monitoring of interest rate risk and sensitivity can be summarized as follows as of March 31, 2023 (assumption: interest rate increase of 0.5 points):

<i>(in thousands of euros)</i>	Fixed rate	Variable rate	Not exposed	Total
Financial assets		55,688	6,573	62,261
Financial liabilities		77,852	-	77,852
Net equity before hedging	-	(22,164)	6,573	(15,591)
"Hedging"		-		-
Net equity after hedging	-	(22,164)	6,573	(15,591)
Sensitivity	-	(111)		(111)

- 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.

As of March 31, 2023, 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. Several months generally separate the investments required for the production and promotion of a film, on the one hand, and the collection of exploitation revenues, on the other. This time lag may require the use of bank financing. Although EuropaCorp is committed to limit its financial exposure as far upstream as possible with a presale policy of distribution rights abroad and of the TV broadcasting rights for the films it produces, EuropaCorp cannot guarantee that it will always be able to implement this policy or that this will eliminate all of the liquidity risk.

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

This principal line of credit was to be repaid at the end of a 5-year period, i.e. no later than October 21, 2019. Within the framework of the safeguard plan, approved on July 24, 2020 by the Commercial Court of Bobigny, the repayment of this credit line (drawdowns of €85.6 million) was scheduled 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 announced on March 16, 2021, following the Covid-19 epidemic and its impact on the Group's production restart, a request was made to the Bobigny Commercial Court to extend the duration of EuropaCorp S.A.'s safeguard plan by an additional two years. The request was approved and the total duration of the safeguard plan has thus been extended from seven to nine years from July 24, 2020, implying a new repayment schedule:

Year	1	2	3	4	5	6	7	8	9
% repayment	5.8%	11.8%	10.6%	6.7%	12.4%	12.4%	12.1%	14.6%	13.6%

The second installment was honored during the financial year with the repayment of €10.1 million in principal.

Since 2020, the Group has had a new credit line intended to finance future productions. This line was subscribed by certain Vine funds, with Comerica as agent. This main line of credit of an initial amount of \$100 million bore interest at an annual rate of 8%. No drawdowns had been made on this line as of March 31, 2022 and in view of the non-use fees, this credit line was closed in June 2022, without compensation.

- 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, 2023:

<i>(in thousands of euros)</i>	03.31.2023
Trade receivables	23,700
Marketable securities	-
Other receivables exposed to credit risk	-
Total	23,700

- 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 as of March 31, 2023.

In addition, as of March 31, 2023, EuropaCorp held 85,269 treasury shares with a value of €50.3 thousand.

<i>(in thousands of euros)</i>	Other companies' or UCITS shares portfolio	Treasury shares portfolio
Assets position	None	-
Off-balance sheet	None	-
Overall assets position	None	-

3.14 Trade payables and other current liabilities

Breakdown of other current liabilities by type

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Trade payables	20,442	16,217
Equity investment liabilities	-	-
Advances and down-payments on orders	28	36
Taxes and social security contributions payable	5,015	4,928
Miscellaneous liabilities	1,978	2,143
Total other financial liabilities	7,021	7,107
Total operating liabilities	27,463	23,325

The increase in trade payables was due to the delivery by LBP of the film *Dogman* to EuropaCorp (minimum guarantee on international sales).

The miscellaneous debts as of March 31, 2023 consisted mainly of accrued liabilities consisting of repayments due to third parties and costs incurred for ongoing productions/coproductions.

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 as of March 31, 2023 breaks down as follows:

Trade payables <i>(in thousands of euros)</i>	03.31.2023	Owing	Not past due (< 1 year)	Not past due (> 1 year)
Total EuropaCorp Group	20,442	301	20,141	-

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)*

The other current assets pertain to prepaid expenses, in the amount of €1.6 million as of March 31, 2023 for expenses undertaken on sales not yet recognized (of which €1.5 million related to third-party expenses).

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 in less than one year amounted to €4.6 million as of March 31, 2023.

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

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Subsidies	-	-
Other deferred income	1,055	1,020
Total deferred income	1,055	1,020
TV rights items	1,807	3,002
Undelivered international sales	3,097	1,770
Total contract liabilities	4,904	4,773
Total other	4,216	4,993
Total other current and non-current liabilities	10,174	10,786

3.15.2 *Other non-current liabilities*

Maturities of other non-current liabilities and equity investment liabilities

<i>(in thousands of euros)</i>	03.31.2023	1-5 years	> 5 years
Contract liabilities	1,313	1,313	0
Other	4,216	4,216	0
Total other non-current liabilities	5,529	5,529	0

3.15.3 *Change in contract assets and liabilities*

The changes in contract assets and liabilities are detailed in the table below:

<i>(in thousands of euros)</i>	CONTRACT ASSETS	CONTRACT LIABILITIES
Position at the start of the financial year	3,960	4,773
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		4,904
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	7,753	
Position at the end of the financial year	7,753	4,904

3.16 Leases

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Right-of-use of leased assets	1,449	5,220
Lease liability > 1 year	(1,958)	(5,040)
Lease liability < 1 year	(2,686)	(2,778)
Total lease liabilities	(4,644)	(7,819)

The Group has applied IFRS 16 since 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 and amortization and interest expense. The standard removes the distinction between operating leases and finance leases.

The right-of-use and the lease liability are recognized at the start date of the lease, the date on which the lessor makes the underlying asset available to the lessee. Their initial value is equal to the present value of the rents over the term of the contract, and, where applicable, of the benefits received from the lessor. A single discount rate of 8% has been applied across all entities, corresponding to the rate in force for the main outstanding credit lines.

Right-of-use assets are amortized on a straight-line basis over the term of the lease.

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.

NOTE 4 – NOTES TO THE CONSOLIDATED PROFIT AND LOSS STATEMENT

4.1 Revenue

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Production	34,774	32,283
Distribution	385	26
Video	1,068	1,422
Events	-	-
Miscellaneous	1,261	1,562
Revenue	37,487	35,293
<i>Of which support funding generated (including COSIP)</i>	-	-
<i>Of which revenue from exports</i>	<i>24,020</i>	<i>11,324</i>

The increase in revenue to €37.5 million, compared to €35.3 million the previous financial year, i.e. +6%, was mainly due to the resumption of international deliveries of fresh films, notably *Dogman*.

International sales thus increased by €12.2 million to €21.1 million, making it possible to offset the erosion of the Television & SVOD catalog and sales (-€8.6 million).

“Production” revenue:

Television & SVOD sales in France and the United States totaled €11.3 million in fiscal year 2022/2023, or 30% of revenue, compared with €19.8 million in the previous financial year. These are driven by the French market and correspond to the release schedule for catalog films such as *Valerian and the City of a Thousand Planets*, the *Taxi* saga or *Renegades*. The decrease was mainly due to the existence of still significant pre-financing windows during the previous financial year, notably for *Valerian and the City of a Thousand Planets*, *Anna* and *Taxi 5*. Over the 2022/2023 financial year, one window of rights for a unit amount of more than €1 million was opened (*Valerian and the City of a Thousand Planets*) compared to four in the previous financial year.

International sales represented €21.1 million for the financial year, or approximately 56% of annual revenue, versus €8.9 million for the previous year. Revenues correspond to the international deliveries of the films *Dogman* and *June & John*, as well as significant royalties received on catalog films (mainly *Lucy*, *Taken* and *Taken 3*, and *Colombiana*). The Group notes that royalties from English-language films were recognized as revenue based on the latest statements received.

Revenue from the TV Series activity amounted to €1.4 million for the 2022/2023 financial year, or approximately 4% of total revenue, compared with €2.2 million for the 2021/2022 financial year. This revenue corresponds to royalties received from the international exploitation of the *Taken* series as well as TV/SVOD sales in France and the United States.

The revenues linked to the corresponding rights (partnerships, licenses, music, etc.) amounted to €0.4 million as of March 31, 2023, versus €0.6 million as of March 31, 2022.

The revenue from “Production” also included revenue from post-production activities (€0.6 million).

“Distribution” revenue:

Theatrical Distribution revenue amounted to €0.4 million, corresponding to the release in French theaters of *Arthur Malediction* in June 2022.

“Video” revenue:

Revenue from Video & VOD in France and the United States represented approximately 3% of annual revenue coming in at €1.1 million, compared with €1.4 million in 2021/2022. It mainly includes VOD sales in the United States and France on various titles (notably *Miss Sloane* in the United States, and *Nous finirons ensemble (Little White Lies 2)* and *Arthur Malediction* in France).

4.2 Operating margin

The operating margin amounted to €17.3 million compared to €18.9 million last year, i.e. a margin rate of 46% (compared to 54% the previous year). The increase in the cost of sales was mainly due to the increase in the depreciation and amortization related to fresh films. Depreciation and amortization increased from €10.5 million in 2021/2022 to €12.4 million in 2022/2023 due to the integration of the films *Dogman* and *June & John* to the Group's assets and to the start of their amortization (international deliveries during the financial year). However, the operating margin rate remained significant at 46%.

4.3 Overheads

General and administrative expenses amounted to €(13.8) million, i.e. a saving of €1.4 million compared to the previous financial year (-9%), thus confirming the effectiveness of the measures set up by the Group to reduce its overheads. The decrease was mainly due to the termination of the credit line made available to the Group by Comerica, which generated significant non-use costs.

4.4 Other operating income and expense

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Disposal of Digital Factory	(261)	
Disposal of the stake in Studios de Paris		12,544
Reversal of impairment of the dealer subsidy	949	320
Other	(227)	2,411
Other operating income and expense	461	15,275

Other operating income and expenses mainly comprise items related to the sale by EuropaCorp of its post-production subsidiary Digital Factory in September 2022, as well as the reversal of the impairment of the distributor subsidy whose duration was extended by the CNC and which was used by EuropaCorp during the financial year.

4.5 Financial income

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Net debt financial income	(2,539)	(2,585)
Other financial income and expenses	(1,047)	631
Financial income	(3,586)	(1,954)

Financial income amounted to €(3.6) million compared to €(2.0) million in 2021/2022. For the 2022/2023 financial year, it mainly comprised €(3.2) million in interest on Senior debt, €(0.6) million on rental debt following the application of IFRS 16, €(1.1) million in accelerated amortization of bank fees relating to the Comerica credit line

closed during the financial year, and a positive foreign exchange gain of €0.7 million

4.6 Tax

Breakdown of tax by type:

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Current tax	(24)	(493)
Deferred tax	(236)	136
Total tax income/(expense)	(259)	(358)

The tax expense for the year mainly corresponded to deferred tax in the United States.

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.

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Average permanent workforce	34	39
Payroll costs (including temporary personnel)	(8,040)	(8,733)
Salaries	(5,002)	(5,040)
Employee profit-sharing	-	(21)
Social security contributions	(2,149)	(2,638)
Stock options and similar expenses	(692)	(967)
Retirement benefit commitments	(198)	(67)
Post-employment benefits		

The decrease in payroll costs (-8%) was mainly due to the decrease in social security charges due to a reduction in taxes in the United States.

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 from operating activities were positive, at €17,108 thousand as of March 31, 2023, compared to €20,194 thousand as of March 31, 2022.

This decrease of €3,087 thousand was mainly due to the decrease in inflows on TV series.

- *Cash flows from investments*

As of March 31, 2023, the net cash used in investing activities amounted to €(8,975) thousand, compared to €2,247 thousand for the financial year ended on March 31, 2022.

As of March 31, 2023, they mainly corresponded to investments in intangible assets related to the films *Dogman*, *June & John* and *Arthur Malediction*, while last year they were impacted by the sale of Studios de Paris shares.

- *Cash flows from financing*

As of March 31, 2023, the net cash flows from financing activities amounted to €(13,030) thousand, versus €(8,819) thousand as of March 31, 2022. This amount includes in particular the second installment of the Safeguard Plan for the repayment of the Senior debt for €(10,134) thousand (compared to €(5,048) thousand in 2022/2023), as well as the reimbursement of lease liabilities for €(3,742) thousand following the application of IFRS 16.

5.2 Relations with related parties

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

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Statement of financial position		
<i>Receivables</i>		
Trade receivables and other operating receivables	803	883
Debit balances and other current financial receivables	-	-
<i>Debt</i>		
Other non-current financial liabilities	-	-
Trade payables and other operating liabilities	(6)	2
Financial current accounts receivables	-	-
	-	-
Profit and loss statement		
Revenue	12	138
Operating expenses	-	-
Financial expenses	-	-
Financial income	-	-

5.3 Commitments and contingent liabilities

The Group's off-balance sheet commitments as of March 31, 2023 were as follows (in thousands of euros):

Commitments received for the benefit of EuropaCorp (in thousands of euros)	03.31.2023	03.31.2022
Commitments received from clients		
<i>For the cinematographic business</i>	482	1,163
<i>Support funds for audiovisual activities</i>	0	0
Financial commitments for leases*	376	1,940
Total commitments received	858	3,104

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

Commitments made for the benefit of third parties (in thousands of euros)	03.31.2023	03.31.2022
Financial commitments for leases**	0	0
Vine Participation	0	0
Financial commitments for cinematographic investments	0	0
Total commitments made	0	0

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

Total net commitments (received - made)	858	3,104
--	------------	--------------

The decrease in commitments received was mainly due to the mechanical reduction in the remaining rents of sub-tenants from now until the end of the lease at La Cité du Cinéma in October 2023 (versus April 2024 initially). Commitments received in respect of the film business mainly concern TV sales signed but not yet delivered and with a granting of rights after the closing date.

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.

List of guarantees granted for the benefit of J.P. Morgan Chase Bank N.A. as part of the principal credit line entered into on October 21, 2014

As collateral for this credit line concluded with J.P. Morgan, on October 21, 2014, EuropaCorp and some of its subsidiaries (EuropaCorp Distribution, EuropaCorp Home Entertainment) granted first-line guarantees on all of their assets.

On October 21, 2014, EuropaCorp arranged, for the benefit of the lenders, first-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 on-demand standalone guarantees;*
- *first-line pledges of securities accounts relating to shares of the following subsidiaries:*
 - o *EuropaCorp Home Entertainment SAS,*
 - o *EuropaCorp Distribution SAS,*
 - o *EuropaCorp Films USA, Inc. (pledging under US law),*
 - o *EuropaCorp Aéroville SAS,*
 - o *EuropaCorp Television SAS;*
- *first-line pledges of all of its existing or future bank accounts;*

- *first-line pledges of claims on any type of intercompany loan or advance;*
- *first-line cinematographic pledges on the tangible and intangible rights of the cinematographic films in its catalog of the first-line cinematographic revenue delegations on the revenues generated by the films in its catalog;*
- *first-line pledges of the physical elements of films stored at laboratories outside France;*
- *first-line pledges of all of its proprietary trademarks;*
- *first-line assignments of insurance covering all insurance policies except for error and omissions and third-party liability policies;*
- *first-line pledges of its business;*
- *first-line pledgeholder agreements under US law with the laboratory Éclair.*

On October 22, 2014, the subsidiaries EuropaCorp Distribution and EuropaCorp Home Entertainment also arranged, for the benefit of the lenders, first-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 on-demand standalone guarantees;*
- *first-line pledges of their businesses;*
- *first-line pledges of all of its existing or future bank accounts;*
- *where applicable, first-line pledges of securities accounts relating to shares in the equity interests they hold;*
- *where applicable, first-line film pledges concerning the tangible and intangible rights to the films in their catalog;*
- *where applicable, first-line assignments of film revenue concerning revenue generated by the films in their catalog;*
- *where applicable, assignments of SACEM revenue.*

As regards the feature film “*Valerian and the City of a Thousand Planets*”, financed by the banking pool outside the revolving credit line, on January 19, 2018, the subsidiary Valerian Holding SAS granted:

- *where applicable, a first-line pledge of securities accounts relating to shares in the equity interests they hold;*
- *where applicable, first-line pledges of all of their existing or future bank accounts;*
- *where applicable, first-line film pledges concerning the tangible and intangible rights to the film “Valerian and the City of a Thousand Planets”;*
- *where applicable, first-line assignments of film revenue concerning revenue generated by the film “Valerian and the City of a Thousand Planets”.*

List of security interests granted to Comerica Bank in connection with the conclusion of a credit line on July 30, 2020

As security for a line of credit entered into with Comerica Bank on July 30, 2020 under a Credit, Security, Guaranty and Pledge Agreement between EuropaCorp Pictures LLC, as Borrower, EuropaCorp Finance LLC, as Parent, Vine Film Renaissance LLC, as Lender, and Comerica Bank, as Administrative Agent, EuropaCorp SA has entered into a Pledge Agreement, as French Parent, with Comerica Bank, as Administrative Agent, in which EuropaCorp SA has granted a first-line pledge of all of EuropaCorp Finance LLC’s securities.

Commitments from leases

- 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 an office complex (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 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 was €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.

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 square meters instead of 18,000 square meters), 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. The amendment to the lease was signed on January 28, 2021 with retroactive effect from the October 1, 2019. Including the discount, the annual rent as of April 6, 2022 was €1.8 million, excluding charges, and excluding re-billing to sub-lessees. In a bailiff's writ dated March 31, 2023, La Nef Lumière gave notice to vacate the leased premises so that EuropaCorp could vacate the premises at the end of the deadline imposed by Paris 2024, i.e. no later than December 31, 2023.

5.4 Remuneration of main senior executives

The table below summarizes the compensation paid by the Group to its main senior executives during the last two financial years.

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Short-term benefits	3,138	2,337
Termination benefits		
Post-employment benefits		
Other long-term benefits		
Share-based payment		

A €60 thousand provision was also made during the financial year ended on March 31, 2022 in respect of attendance fees for directors.

5.5 Subsequent events

- N/A

5.6 Additional information

Fees of the Statutory Auditors of EuropaCorp and its subsidiaries for the financial years ended on March 31, 2022 (“N-1”) and March 31, 2023 (“N”) in thousands of euros:

<i>(in thousands of euros)</i>	ACA/Réseau Nexia				ACOFEX			
	<i>Amount (excl. tax)</i>		<i>%</i>		<i>Amount (excl. tax)</i>		<i>%</i>	
	N	N-1	N	N-1	N	N-1	N	N-1
Audit								
Statutory audit, certification, review of separate and consolidated financial statements			99%	99%			100%	100%
- EuropaCorp	117.5	122.5	85%	75%	105	110	91%	83%
- Fully consolidated subsidiaries	18	39	13%	24%	10	22	9%	17%
Other procedures and services directly related to the Statutory Auditor’s mission			1%	1%			0%	0%
- EuropaCorp	2	2	1%	1%	0	0	0%	0%
- Fully consolidated subsidiaries	0	0	0%	0%	0	0	0%	0%
TOTAL	138	163			115	132		

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 of EuropaCorp Television, 95.2%-owned by EuropaCorp. 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

31.03.2023	Production & Distribution of films	Production & Distribution of TV series	Event	Other	Non allocated items	Total
Goodwill	0	0	0	0	0	0
Intangible assets	26 071	2 613	0	0	0	28 684
Property and Equipment	164	0	0	0	0	164
Other financial assets	6 573	0	0	0	0	6 573
Investments in associates	0	0	0	0	0	0
Deferred taxes assets	12	0	0	0	0	12
Right-of-use leased assets	1 449	0	0	0	0	1 449
Total non-current assets	34 270	2 613	0	0	0	36 882
Inventory	63	0	0	0	0	63
Trade accounts receivable	23 684	16	0	0	0	23 700
Other accounts receivable	2 760	75	10	1 202	0	4 047
Other current assets	1 592	0	0	0	0	1 592
Cash and cash equivalents	39 432	16 233	8	16	0	55 688
Total current assets	67 531	16 324	18	1 218	0	85 090
TOTAL ASSETS	101 800	18 936	18	1 218	0	121 972
<i>Equity - Group share</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>780</i>	<i>780</i>
<i>Minority interests</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>391</i>	<i>391</i>
Provisions for pensions and similar	508	0	0	0	0	508
Deferred taxes liabilities	0	0	0	0	0	0
Lease liability - long term (> 1 year)	1 958	0	0	0	0	1 958
Long term borrowings and financial debts	66 596	0	0	0	0	66 596
Deposits and guarantees received	286	0	0	0	0	286
Equity investment liabilities > 1 year	0	0	0	0	0	0
Other non-current liabilities	7 986	0	0	0	0	7 986
Total non-current liabilities	77 334	0	0	0	0	77 334
Short term borrowings and financial debts	10 969	0	0	0	0	10 969
Lease liability - short term (< 1 year)	2 686	0	0	0	0	2 686
Provisions for risks and expenses	161	0	0	0	0	161
Trade accounts payable	16 417	1 868	45	2 112	0	20 442
Equity investment liabilities < 1 year	0	0	0	0	0	0
Other financial liabilities	5 358	1 647	1	16	0	7 021
Other current liabilities	2 189	0	0	0	0	2 189
Total current liabilities	37 779	3 515	46	2 127	0	43 467
TOTAL LIABILITIES	115 112	3 516	46	2 128	1 171	121 972
Films and audiovisual rights investments	9 592	0	0	0	0	9 592

03.31.2022	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	27 877	3 706	0	0	0	31 583
Property, Plant and Equipment (net)	561	0	0	0	0	561
Other financial assets (net)	7 527	0	0	0	0	7 527
Investments in associates	0	0	0	0	0	0
Deferred tax assets	530	0	0	0	0	530
Other non-current assets (net)	5 220	0	0	0	0	5 220
Total non-current assets	41 714	3 707	0	0	0	45 421
Inventory	98	0	0	0	0	98
Net trade receivables	15 358	412	0	14	0	15 784
Other net receivables	3 993	64	10	1 208	0	5 275
Other net current assets	3 054	0	0	0	0	3 054
Cash and cash equivalent	45 538	14 844	77	115	0	60 573
Total current assets	68 040	15 320	86	1 337	0	84 783
TOTAL ASSETS	109 754	19 027	86	1 337	0	130 204
<i>Equity - Group share</i>					<i>87</i>	<i>87</i>
<i>Non-controlling interests</i>					<i>387</i>	<i>387</i>
Provisions for pensions and other post-employment bene	361	0	0	0	0	361
Deferred tax liabilities	271	0	0	0	0	271
Lease liability > 1 year	5 040	0	0	0	0	5 040
Bonds and financial liabilities > 1 year	74 442	0	0	0	0	74 443
Deposits and guarantees received	287	0	0	0	0	287
Equity investment liabilities > 1 year	0	0	0	0	0	0
Other non-current liabilities	6 746	3	0	0	0	6 749
Total non-current liabilities	87 148	3	0	0	0	87 151
Bonds and financial liabilities < 1 year	12 211	0	0	0	0	12 211
Lease liability < 1 year	2 778	0	0	0	0	2 778
Provisions for risks and expenses	227	0	0	0	0	227
Trade payables	12 333	1 714	45	2 125	0	16 217
Equity investment liabilities < 1 year	0	0	0	0	0	0
Other financial liabilities	5 451	1 620	1	36	0	7 107
Other current liabilities	4 037	0	0	0	0	4 037
Total current liabilities	37 037	3 334	46	2 161	0	42 578
TOTAL LIABILITIES	124 185	3 337	46	2 161	475	130 204
Films and audiovisual rights investments	2 417	0	0	0	0	2 417

6.3.2 Consolidated profit and loss statement by operating segment

03.31.2023	Production and distribution of films	Production and distribution of TV films and series	Events	Other	Total
Revenue	34,735	1,447	0	1,306	37,487
Cost of sales	(19,577)	(486)	0	(157)	(20,221)
Operating margin	15,158	961	0	1,148	17,267
General and administrative expenses	(13,786)	2	(1)	(35)	(13,820)
Other operating income and expenses	364	98	0	0	461
Operating profit (loss)	1,735	1,061	(1)	1,113	3,909
Financial income	(4,060)	474	0	0	(3,586)
Income tax	(164)	(95)	0	0	(259)
Share of net income of associates	0	0	0	0	0
Share of non-controlling interests	0	(12)	7	0	(5)
Net income - Group share	(2,490)	1,428	7	1,113	58

03.31.2022	Production and distribution of films	Production and distribution of TV films and series	Events	Other	Total
Revenue	31,463	2,170	0	1,659	35,293
Cost of sales	(15,159)	(1,246)	0	14	(16,392)
Operating margin	16,304	924	0	1,673	18,901
General and administrative expenses	(15,131)	(49)	1	6	(15,173)
Other operating income and expenses	15,275	0	0	0	15,275
Operating profit (loss)	16,448	875	1	1,679	19,003
Financial income	(2,566)	612	0	0	(1,954)
Income tax	(23)	(321)	(13)	0	(358)
Share of net income of associates	0	0	0	0	0
Share of non-controlling interests	0	(41)	2	0	(39)
Net income - Group share	13,859	1,125	(10)	1,679	16,652

The following table shows the distribution percentages by country for the international sales of EuropaCorp Group films and series for 2019/2020, 2020/2021, 2021/2022 and 2022/2023 financial years.

Country	FY 2019/2020	FY 2020/2021	FY 2021/2022	FY 2022/2023
North America	60.8%	46.8%	56.2%	57.2%
Western Europe	16.5%	24.0%	24.8%	14.0%
<i>Spain and Italy</i>	2.9%	1.7%	6.7%	3.8%
<i>Germany</i>	1.1%	2.4%	6.6%	1.4%
<i>Switzerland, Belgium</i>	5.3%	0.0%	0.0%	1.3%
<i>United Kingdom</i>	1.5%	0.3%	0.4%	0.7%
Central and Eastern Europe	6.6%	3.3%	6.8%	10.4%
Asia	6.3%	23.4%	7.4%	4.5%
Rest of the world	9.9%	2.5%	4.7%	13.9%
Total	100.0%	100.0%	100.0%	100.0%

4.6 Statutory Auditors' report on the consolidated financial statements

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 consolidated financial statements of EuropaCorp for the financial year ended on March 31, 2023 as attached to this report.

We certify that the consolidated financial statements are, with regard to the IFRS as adopted in the European Union, regular and fair and give a true and fair view of the results of the operations of the past financial year as well as the financial position and assets, at the end of the financial year, of the group comprising the persons and entities included in the consolidation.

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 consolidated financial statements" of this report.

Independence

We carried out our audit mission in compliance with the rules of independence provided for by the French Commercial Code and by the Code of Ethics for Statutory Auditors over the period from April 1, 2022 to the date of issue of our report.

3 Justification of assessments

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following assessments which, in our professional judgment, were the most significant for the audit of the consolidated financial statements for the financial year.

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 and International sales revenue

As of March 31, 2023, the Group had revenue of €37,487 thousand, of which 56% from international rights sales contracts called "International sales" and 30% from the sale of TV rights. Notes 2.18.2 "Television - France" and 2.18.3 "International" to the consolidated financial statements set out the principles for recognizing these revenues. As part of our assessment of the accounting rules and principles followed by your company, we verified the appropriateness of the accounting methods referred to above and the information provided in the note to the annual financial statements, and we ensured their correct application.

Valuation of film and audiovisual rights

As of March 31, 2023, the films and audiovisual works produced or distributed by the EuropaCorp Group represented intangible fixed assets in the net amount of €28,684 thousand.

As indicated in Note 2.7.4 "Amortization and impairment of intangible assets", cinematographic and audiovisual works are amortized using the estimated revenue method. In particular, we verified that the use of these estimates did not

result in an overestimation or underestimation of the net book value of these intangible assets and compared the accounting estimates of revenue from previous periods with the corresponding results.

4 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.

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

5 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.

The consolidated financial statements have been approved by your Board of Directors.

6 Responsibilities of the Statutory Auditors with respect to the audit of the consolidated financial statements

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.*

Paris and Vincennes, July 20, 2023

The Statutory Auditors

ACA Nexia

Represented by

Olivier Juramie

Acofex

Represented by

Arnaud Malivoire

5. SEPARATE FINANCIAL STATEMENTS

5.1 Financial statements and notes

STATEMENT OF FINANCIAL POSITION – ASSETS

<i>Items</i>	<i>Gross amount</i>	<i>Depreciation, provisions</i>	03.31.2023	03.31.2022
INTANGIBLE ASSETS				
Intangible assets	1,294,952,465	1,277,212,519	17,739,946	19,250,585
Other intangible assets	739,392	739,392		
Intangible assets in progress	15,347,778	14,630,058	717,720	2,941,363
PROPERTY, PLANT AND EQUIPMENT				
Buildings	3,990	3,325	665	2,700
Plant, machinery and equipment	158,582	158,582		
Other property, plant and equipment	826,738	663,481	163,257	200,184
FINANCIAL ASSETS				
Equity interests	268,842,281	249,119,659	19,722,622	17,622,483
Loans	1,969,436		1,969,436	1,988,143
Other financial assets	3,257,417	2,277	3,255,140	4,062,500
NON-CURRENT ASSETS	1,586,098,079	1,542,529,292	43,568,787	46,067,958
INVENTORY AND WORK IN PROGRESS				
Work in progress - goods				
Goods	100,615	100,615		
Advances and down-payments to suppliers	4,315,315		4,315,315	4,216,737
RECEIVABLES				
Trade receivables	19,426,964	919,231	18,507,733	16,153,458
Other receivables	35,239,656	23,474,605	11,765,051	11,698,568
MISCELLANEOUS				
Marketable securities	648,880		648,880	657,620
Cash and cash equivalents	33,012,014		33,012,014	38,617,802
ACCRUALS				
Prepaid expenses	115,426		115,426	148,544
CURRENT ASSETS	92,858,870	24,494,451	68,364,419	71,492,730
Currency translation assets	226,444		226,444	123,043
OVERALL TOTAL	1,679,183,392	1,567,023,742	112,159,650	117,683,732

STATEMENT OF FINANCIAL POSITION – LIABILITIES

<i>Items</i>	03.31.2023	03.31.2022
Share or individual capital (of which paid up: 41,862,290)	41,862,290	41,862,290
Additional paid-in capital	269,991,770	269,991,770
Legal reserve	1,004,665	1,004,665
Regulated reserves (including forex reserve)	180,545	180,545
Retained earnings/losses	(371,043,564)	(387,100,403)
NET INCOME FOR THE PERIOD (profit or loss)	3,970,767	16,056,839
Investment subsidies		
Regulated provisions	17,310,722	18,802,022
EQUITY	(36,722,804)	(39,202,272)
OTHER EQUITY		
Provisions for risks	1,483,585	1,064,050
Provisions for expenses	614,065	822,009
PROVISIONS	2,097,650	1,886,059
DEBT		
Loans and liabilities from financial institutions	6,803,779	5,759,213
Miscellaneous borrowings and financial liabilities (including participating loans)	35,868,902	35,877,054
OPERATING LIABILITIES		
Trade and other accounts payable	26,070,946	25,926,218
Taxes and social security contributions payable	3,847,438	3,698,787
MISCELLANEOUS LIABILITIES		
Other financial liabilities	72,300,362	81,950,270
ACCRUALS		
Deferred income	1,001,549	896,125
DEBT	145,892,975	154,107,668
Currency translation liabilities	891,829	892,277
OVERALL TOTAL	112,159,650	117,683,732

Net income for the period in cents 3,970,767.34
Total statement of financial position in cents 112,159,650.00

PROFIT AND LOSS STATEMENT (list)

Items	France	Export	03.31.2023	03.31.2022
Sales of goods	481	45,947	46,428	27,637
Production sold (goods)				
Production sold (services)	9,720,587	16,956,983	26,677,570	28,484,908
NET REVENUE	9,721,068	17,002,930	26,723,998	28,512,544
Stored production				
Capitalized production			1,178,763	1,765,087
Reversals of impairment, provisions (and depreciation and amortization) and transfers of expenses			1,624,930	17,064,904
Other income			261,207	1,045,227
OPERATING REVENUE			29,788,898	48,387,762
Purchases of raw materials and other supplies (incl. customs duties)			2,108	95
Other purchases and external charges			7,772,821	9,287,773
Tax, duties and related payments			299,697	582,353
Wages and salaries			4,504,354	3,414,068
Social security contributions			1,795,209	1,590,432
OPERATING PROVISIONS				
For property, plant and equipment and intangible assets: amortization			5,693,823	18,163,563
For property, plant and equipment and intangible assets: depreciation			250,355	74,554
For current assets: depreciation			134,063	99,222
Provisions				103,637
Other expenses			6,901,493	1,577,218
OPERATING EXPENSES			27,353,923	34,892,915
OPERATING INCOME			2,434,976	13,494,846
JOINT OPERATIONS				
Loss incurred or profit transferred				
FINANCIAL INCOME				
Investment income				
Income on other securities and receivables from non-current assets			982,496	465,434
Other interest and related income			5,189	101,504
Reversals of provisions and transfers of expenses			44,320,463	17,616,798
Foreign exchange gains			1,346,961	969,912
Net income on marketable securities			547	
FINANCIAL INCOME			46,655,656	19,153,648
Financial allocations to impairment, amortization and provisions			2,448,851	13,685,923
Interest and similar expenses			23,602,846	2,668,380
Foreign exchange losses			613,023	3,737
FINANCIAL EXPENSES			26,664,720	16,358,040
FINANCIAL INCOME			19,990,936	2,795,608
INCOME FROM RECURRING OPERATIONS BEFORE TAXES			22,425,911	16,290,454

PROFIT AND LOSS STATEMENT (continued)

<i>Items</i>	<i>03.31.2023</i>	<i>03.31.2022</i>
Non-recurring income from management transactions	5,000	123,724
Non-recurring income from capital transactions	11,307	2,357,719
Reversals of provisions and transfers of expenses	3,695,651	5,802,504
NON-RECURRING INCOME	3,711,958	8,283,947
Non-recurring expenses on management transactions	15,520	415,310
Non-recurring expenses on capital transactions	20,266,773	5,978,094
Extraordinary allocations to impairment, amortization and provisions	2,362,778	2,748,818
NON-RECURRING EXPENSES	22,645,071	9,142,223
NON-RECURRING INCOME	(18,933,113)	(858,276)
Statutory employee profit sharing		21,410
Income tax	(477,969)	(646,071)
TOTAL INCOME	80,156,512	75,825,357
TOTAL EXPENSES	76,185,745	59,768,518
PROFIT OR LOSS	3,970,767	16,056,839

ACCOUNTING PRINCIPLES AND METHODS

1. Valuation principles and methods

The annual financial statements for the financial year ended on March 31, 2023 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.

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. 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.

No financing costs 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, 2023, no CNC subsidy has been authorized.

The CNC production approval generates the transfer of the subsidy into the annual results.

3.5 Film amortization methods

The 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 on March 31, 2023, the provision for impairment of intangible assets showed:

- a net reversal of €113,772, corresponding to the impairment of films;
- a net provision of €657,028 covering preliminary expenses.

The total impact on the net income for the financial year was €543,256.

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 to 10 years	10% to 20%
Vehicles	4 to 5 years	20% to 25%
Furniture	3 to 10 years	33.33% to 10%
Office equipment	3 to 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 market value of the treasury shares held by the Group on March 31, 2023 amounted to €50,309 (85,269 shares) against €48,958 (92,549 shares) on March 31, 2022.

6. Inventory

The Company's inventory is recognized at the acquisition price of the elements comprising the inventory. As of March 31, 2023, the Company's inventory comprised fully depreciated goodies totaling €100,614.

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 of €0.5 million for litigation between the Company and a third party author.

As of March 31, 2023, the provisions for risks and expenses also included €1.3 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 French 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, EuropaCorp has opted to apply tax consolidation to its subsidiaries:

- EuropaCorp Home Entertainment,
- EuropaCorp Distribution,
- EuropaCorp TV,
- EuropaCorp Aéroville,
- Blue Event,
- EuropaCorp Television,
- Valerian Holding,
- T5 Production,
- Orchestra.

Intervista, Dog Productions, Ydeo and Blue Advertainment are no longer part of the tax consolidation scope following their dissolution without liquidation. Digital Factory is no longer part of the tax consolidation scope following its disposal.

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 paid 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 €478 thousand for the financial year ended on March 31, 2023.

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. As of March 31, 2023, EuropaCorp had not recognized any tax credit under this mechanism.

13. Other information

A Group profit-sharing agreement within the scope of the EuropaCorp ESU has been in place since 2004. No provision for the special profit-sharing reserve was recognized as of March 31, 2023 (€0.02 million as of March 31, 2022).

In a judgment dated July 24, 2020, the Commercial Court of Bobigny approved the Company's safeguard plan. The duration of the latter was extended for two additional years by judgment of the Court on March 16, 2021, so that the settlement of the debts recorded therein is scheduled for 2029.

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, as of 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. As of March 31, 2023, the balance of the receivable related to this agreement was settled following the payments received during the financial year, in the amount of \$1.9 million, equivalent to €1.7 million.

Additional revenue of €1.9 million was recognized under this agreement during the period, and foreign exchange gains and losses linked to movements in the dollar were recognized in operating income, in accordance with ANC Regulation no. 2015-05 of July 2, 2015.

1.2 Disposal of the post-production subsidiary Digital Factory

As announced on September 29, 2022, the Group sold its subsidiary Digital Factory to the Atlantis Group, the leading program manufacturer in Europe. EuropaCorp's post-production activities were grouped under the "Digital Factory" label and included all image and sound post-production operations. EuropaCorp wants to refocus on its core business activities, which are the production and distribution of films and series around the world. As part of this strategy, EuropaCorp sold its subsidiary Digital Factory to the audiovisual group Atlantis, a major player in post-production in France.

1.3 Main films

The Group has co-produced with the company LBP during the Covid-19 period the film *Arthur Malediction*, written by Luc Besson and directed by Barthélémy Grossmann, for which it holds the distribution rights. It is a horror spin-off from the *Arthur & the Invisibles* universe, released in French cinemas on June 29, 2022. It had nearly 200,000 admissions in France.

During the financial year, internationally, the Group also delivered the films *Dogman* and *June & John*, both produced by Luc Besson.

EuropaCorp coproduced the film *Dogman* with LBP, which was written and directed by Luc Besson and produced by Virginie Besson-Silla, with Caleb Landry Jones in the lead role (winner of the Cannes Best Actor Award in 2021 for *Nitram*). The film tells the incredible story of a young man, bruised by life, who finds salvation through the love of his dogs. The projection of *Dogman* intended for international distributors at the last Berlin Film Festival, in February 2023, received unanimous and enthusiastic reactions. To meet the expectations of these distributors and to organize the award and festival season, it was decided to coordinate the release of the film in all regions. *Dogman* will therefore benefit from a global release in the last quarter of 2023, and notably on September 27 in France.

The Group also produced *June & John*, an English-language film written and directed by Luc Besson, shot during the Covid epidemic in spring 2021 in Los Angeles, a small film with promising young actors, Luke Stanton Eddy and Matilda Price. Like *Dogman*, the film was delivered to the international distributor, Kinology, on March 31, 2023, and the release strategy is being finalized.

2. Subsequent events

N/A

OFF-BALANCE SHEET COMMITMENT

SECURITY INTERESTS

List of guarantees granted for the benefit of J.P. Morgan Chase Bank N.A. as part of the end of the two credit lines entered into on October 21, 2014

As collateral for the credit lines concluded with J.P. Morgan on October 21, 2014, EuropaCorp and some of its subsidiaries (EuropaCorp Distribution and EuropaCorp Home Entertainment) granted first- and second-line guarantees on all of their assets in order to back the payment due and on the dates agreed for the obligations of the borrower, EuropaCorp Films USA Inc., subject to the limitations provided for in the credit agreement.

On October 21, 2014, EuropaCorp arranged, for the benefit of the lenders, first- 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- and second-line on-demand standalone guarantees;
 - first- and second-line pledges of securities accounts relating to the shares of the following subsidiaries:
 - o EuropaCorp Home Entertainment SAS
 - o EuropaCorp Distribution SAS
 - o Intervista SAS
 - o Dog Productions SAS
 - o Ydéo SAS
 - o Blue Advertainment SAS
 - o EuropaCorp Films USA, Inc. (pledging under US law)
 - o EuropaCorp Aéroville SAS
- The pledges of Intervista, Dog Productions, Ydéo and Blue Advertainment were made for the purpose of their dissolution without liquidation;
- first -and second-line pledges of shares of the company Pass Pass La Cam SARL;
 - first- and second-line pledges of all its existing or future bank accounts;
 - first- and second-line pledges of claims on any type of intercompany loan or advance;
 - first- and second-line film pledges relating to the tangible and intangible rights of the films in its catalog (with the exception of the film *Taken 3* - see special provision below);
 - first- and second-line assignments of film revenue concerning the revenue generated by the films in its catalog;
 - first- and second-line pledges of the physical elements of films stored at laboratories outside France;
 - first- and second-line pledges of all of its proprietary trademarks;
 - first- and second-line assignments of insurance covering all insurance policies except for error and omissions and third-party liability policies;
 - first- and second-line pledges on its business;
 - first- and second-line pledgeholder agreements under US law with the laboratory Éclair;
 - a third-line pledge on the recovery account for the film *Taken 3*;
 - a third-line film pledge of the film *Taken 3*;
 - a third-line film revenue delegation relating to the revenue of the film *Taken 3*.

Moreover, on October 22, 2014, EuropaCorp Distribution and EuropaCorp Home Entertainment also arranged, for the benefit of the lenders, first- 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- and second-line on-demand standalone guarantees;
- first- and second-line pledges of their business;
- first- and second-line pledges of all their existing or future bank accounts;
- where applicable, first- and second-line pledges of securities accounts relating to shares in the equity interests

they hold;

- where applicable, first- and second-line film pledges concerning the tangible and intangible rights to the films in their catalog;
- where applicable, first- and second-line assignments of film revenue concerning the revenue generated by the films in their catalog;
- where applicable, assignments of SACEM revenue.

List of security interests granted to Comerica Bank in connection with the conclusion of a credit line on July 30, 2020

As security for a line of credit entered into with Comerica Bank on July 30, 2020 under a Credit, Security, Guaranty and Pledge Agreement between EuropaCorp Pictures LLC, as Borrower, EuropaCorp Finance LLC, as Parent, Vine Film Renaissance LLC, as Lender, and Comerica Bank, as Administrative Agent, EuropaCorp SA has entered into a Pledge Agreement, as French Parent, with Comerica Bank, as Administrative Agent, in which EuropaCorp SA has granted a first-line pledge of all of EuropaCorp Finance LLC's securities.

This line was closed on June 13, 2022.

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: 64 years
Rate of social security contributions: 45%
Discount rate: 3.7%
Salary increase rate: 3%
Turnover rate: 10%

The off-balance sheet commitment amounted to €508,182 at the end of the financial year.

FIXED ASSETS

Items	Start of period	Revaluation	Acquisitions, contributions
INTANGIBLE ASSETS	1,309,666,017		2,143,442
<i>Components</i>			
Buildings, general plant, fixtures and fittings	3,990		
Plant, machinery and equipment	158,582		
General plant, fixtures and fittings	172,839		
Vehicles	11,894		11,114
Office and IT equipment, furniture	582,930		59,856
PROPERTY, PLANT AND EQUIPMENT	930,234		70,970
Other investments	298,561,230		2,009,500
Loans and other financial assets	6,057,737		471,633
FINANCIAL ASSETS	304,618,968		2,481,133
OVERALL TOTAL	1,615,215,219		4,695,545

Items	Transfer	Disposal	End of period	Initial value
INTANGIBLE ASSETS		769,825	1,311,039,634	
Buildings, general plant, fixtures and fittings			3,990	
Plant, machinery and equipment			158,582	
General plant, fixtures and fittings			172,839	
Vehicles		11,894	11,114	
Office and IT equipment, furniture			642,786	
PROPERTY, PLANT AND EQUIPMENT		11,894	989,310	
Other investments		31,728,449	268,842,281	
Loans and other financial assets		1,302,517	5,226,853	
FINANCIAL ASSETS		33,030,966	274,069,134	
OVERALL TOTAL		33,812,685	1,586,098,079	

AMORTIZATION

Items	Start of period	Charges	Reversals	End of period
INTANGIBLE ASSETS	1,272,155,656	5,651,155		1,277,806,811
Buildings, general plant, fixtures and fittings	1,290	1,330		2,620
Plant, machinery and equipment	158,582			158,582
General plant, fixtures and fittings	98,183	12,046		110,228
Vehicles	59	2,260	1,923	396
Office and IT equipment, furniture	469,237	27,032		496,269
PROPERTY, PLANT AND EQUIPMENT	727,350	42,668	1,923	768,095
OVERALL TOTAL	1,272,883,006	5,693,823	1,923	1,278,574,906

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	
OTH. INT. ASS. Construct.			1,989,351			3,480,651	(1,491,300)
TANGIBLE							
TOTAL			1,989,351			3,480,651	(1,491,300)

Expenses spread over several financial years	Start of period	Increases	Charges	End of period

PAYABLES AND RECEIVABLES

<i>STATEMENT OF RECEIVABLES</i>	<i>Gross amount</i>	<i>≤ 1 year</i>	<i>> 1 year</i>
Loans	1,969,436	1,969,436	
Other financial assets	3,257,417	3,257,417	
Doubtful or disputed trade receivables	1,042,807	1,042,807	
Other trade receivables	18,384,157	18,384,157	
Staff	106	106	
Social Security and other welfare institutions			
National Government, other authorities: income tax			
National Government, other authorities: value-added tax	1,616,912	818,035	798,877
National Government, other authorities: miscellaneous receivables	46,776	46,776	
Group and associates	32,052,005	32,052,005	
Miscellaneous receivables	1,523,856	767,856	756,000
Prepaid expenses	115,426	115,426	
OVERALL TOTAL	60,008,899	58,454,022	1,554,877
Loans granted during the period			
Amount of repayments obtained during the year	18,707		

<i>STATEMENT OF DEBT</i>	<i>Gross amount</i>	<i>≤ 1 year</i>	<i>> 1 years - 5 years</i>	<i>> 5 years</i>
Borrowings originally ≤ 1 year	6,803,779	1,866,749	4,937,030	
Miscellaneous borrowings	286,237	101,583	184,654	
Trade payables	26,070,946	19,732,900	6,338,046	
Staff	1,133,173	1,119,854	13,319	
Social Security and other welfare institutions	1,052,850	1,018,687	34,163	
National Government: value-added tax	1,023,426	971,926	51,500	
National Government: other taxes and duties	637,989	322,872	315,117	
Group and associates	35,582,665	35,582,665		
Other financial liabilities	72,300,362	10,643,815	37,440,466	24,216,081
Deferred income	1,001,549	1,001,549		
OVERALL TOTAL	145,892,975	72,362,599	49,314,295	24,216,081
Loans taken out during the period	6,306			
Loans repaid during the period	7,262			

PROVISIONS AND DEPRECIATION

<i>Items</i>	<i>Start of period</i>	<i>Charges</i>	<i>Reversals</i>	<i>End of period</i>
Accelerated depreciation and amortization	18,802,022	1,989,351	3,480,651	17,310,722
REGULATED PROVISIONS	18,802,022	1,989,351	3,480,651	17,310,722
Provisions for litigation	822,009		215,000	614,065
Provisions for foreign exchange losses	123,043	226,444	123,043	226,444
Other provisions for risks and expenses	941,007	316,134		1,257,141
PROVISIONS FOR RISKS AND EXPENSES	1,886,059	542,578	338,043	2,097,650
Depreciation of intangible assets	15,318,413	250,355	793,611	14,775,157
Depreciation of property, plant and equipment		57,293		57,293
Depreciation of equity holdings	280,938,747	2,000,000	33,828,588	249,119,659
Depreciation of other financial assets	7,095	2,277	7,095	2,277
Depreciation of inventory and work in progress	100,615			100,615
Depreciation of customer accounts	985,400	134,063	200,233	919,231
Other depreciation	34,265,336	220,131	11,010,862	23,474,605
DEPRECIATION	331,615,605	2,664,119	45,840,388	288,448,836
OVERALL TOTAL	352,303,687	5,196,048	49,659,082	307,857,208
Charges and reversals of operating provision		384,418	1,642,968	
Charges and reversals of financial provision		2,448,851	44,320,463	
Extraordinary allocations		2,362,778	3,695,651	

PROVISIONS

<i>Items</i>	<i>Position and movements</i>				
	<i>Provisions at start of period</i>	<i>Increases during period</i>	<i>Reductions</i>		<i>Provisions at period end</i>
			<i>Amounts used during the period</i>	<i>Amounts not used during the period</i>	
Net position provision	941,007	316,134			1,257,141
Provision for foreign exchange losses	123,043	226,444		123,043	226,444
Provisions for risks and expenses	822,009	7,056	18,520	196,480	614,065
TOTAL	1,886,059	549,634	18,520	319,523	2,097,649

ACCRUED EXPENSES

As of March 31, 2023

Accrued expenses	€23,931,481.10
Trade and other accounts payable	€14,494,060.47
Taxes and social security contributions payable	€1,963,256.49
Interest on overdrafts	€6,803,584.99
Other financial liabilities	€670,579.15
Total accrued expenses	€23,931,481.10

DEFERRED INCOME

As of March 31, 2023

Deferred income	€7,942,744.45
Trade receivables	€7,842,373.63
Banks, financial institutions	€100,370.82
Total accrued income	€7,942,744.45

NON-RECURRING INCOME AND EXPENSES

<i>Type of expense</i>	<i>Amount</i>
Disposal of property, plant and equipment and intangible assets	772,254
Losses on treasury share buybacks	4,515
Memoranda of understanding	15,519
Exceptional impairments	57,292
Accelerated depreciation and amortization	1,989,351
Provisions for negative net position of subsidiaries	316,134
Disposal of securities	19,490,003
TOTAL	22,645,068

<i>Type of income</i>	<i>Amount</i>
Disposal of property, plant and equipment and intangible assets	7,680
Gains on treasury share buybacks	3,534
Memoranda of understanding	5,000
Provisions for risks and expenses	215,000
Accelerated depreciation and amortization	3,480,650
Disposal of securities	93
TOTAL	3,711,957

TRANSFERS OF EXPENSES

<i>Type of transfer</i>	<i>Amount</i>
Transfer of general and administrative expenses	5,621
Costs of projects to enter production	(23,658)
TOTAL	(18,037)

IMPACT OF SPECIAL TAX VALUATIONS

<i>Items</i>	<i>Accruals</i>	<i>Reversal</i>	<i>Amount</i>
NET INCOME FOR THE FINANCIAL YEAR			3,970,767
Income tax			
INCOME BEFORE TAX			3,970,767
REGULATED PROVISIONS	1,989,351	3,480,651	(1,491,300)
OTHER SPECIAL VALUATIONS			
INCOME EXCLUDING SPECIAL TAX VALUATIONS (before tax)			2,479,468

FINANCIAL COMMITMENTS

Commitments made						
<i>Types of commitments</i>	<i>Total</i>	<i>In favor of</i>				
		<i>Executives</i>	<i>Subsidiaries</i>	<i>Equity interests</i>	<i>Other related companies</i>	<i>Other</i>
Rent	1,465,071					1,465,071
First demand guarantee	164,785					164,785
TOTAL	1,629,856					1,629,856

Commitments received						
<i>Types of commitments</i>	<i>Total</i>	<i>Received from</i>				
		<i>Executives</i>	<i>Subsidiaries</i>	<i>Equity interests</i>	<i>Other related companies</i>	<i>Other</i>
TV presales	481,600					481,600
Rent	326,430					326,430
TOTAL	808,030					808,030

Mutual commitments						
<i>Types of commitments</i>	<i>Total</i>	<i>Executives</i>	<i>Subsidiaries</i>	<i>Equity interests</i>	<i>Other related companies</i>	<i>Other</i>
TOTAL						

BREAKDOWN OF INCOME TAX

<i>(in thousands of euros)</i>	03.31.2023	03.31.2022
Tax on income from recurring operations	0	(356)
Tax on short-term non-recurring income	0	0
Consequences of tax consolidation	478	1,002
Cinema tax credit	0	0
Other tax expenses	0	0
Other tax credits		
Total	478	646

DEFERRED AND LATENT TAX POSITION

<i>(in thousands of euros)</i>	Base			
	03.31.2023		03.31.2022	
	Assets	Liabilities	Assets	Liabilities
I. CONTINGENT OR ASSURED MISMATCHES IN CONSOLIDATION				
Temporarily non-deductible expenses				
To be deducted next year				
- employee profit-sharing	0		18	
- organic	79		43	
To be deducted later on				
- provisions for film impairments	14,775		15,318	
- provisions for risks and expenses	500		705	
- provisions for trade receivables & inventory	519		1,179	
- provision for foreign exchange losses	226		120	
- other	280		246	
Temporarily non-taxable income				
Fiscally deducted expenses (or already taxed income) not yet entered into the accounts				
- Currency translation assets		226		123
- Currency translation liabilities	892		892	
- Film amortization		54		54
Total	17,272	280	18,521	177
II. ITEMS TO BE ALLOCATED				
Loss carryovers	233,939		234,486	

CHANGE IN EQUITY

<i>Start-of-period position</i>			<i>Balance</i>
Equity before distribution of previous earnings			(39,202,272)
Equity after distribution of previous earnings			(39,202,272)
<i>Changes during the period</i>	<i>Negative</i>	<i>Positive</i>	
Changes in share capital			
Changes in share capital premiums			
Changes in investment subsidies			
Changes in regulated provisions	1,491,300		
Net income for the period			3,970,767
	BALANCE		2,479,468
<i>End-of-period position</i>			<i>Balance</i>
Equity before dividends			(36,722,804)

BREAKDOWN OF THE SHARE CAPITAL

<i>Categories of securities</i>	<i>Number of securities</i>			<i>Par value</i>
	<i>At period end</i>	<i>Created during the year</i>	<i>Reimbursed during the year</i>	
Ordinary shares	123,124,383			0.34

BREAKDOWN OF REVENUE IN THOUSANDS OF EUROS

	<i>Revenue France</i>	<i>Revenue Export</i>	<i>Total 03/31/2023</i>	<i>Total 03/31/2022</i>	<i>% FY 2023/2022</i>
Film production business (the company only has one business segment)	9,721	17,003	26,724	28,513	-6.27%
TOTAL	9,721	17,003	26,724	28,513	-6.27%

AVERAGE HEADCOUNT

<i>Headcount</i>	<i>Salaried employees</i>	<i>Staff made available to the company</i>
Managers as of March 31, 2023	23	
Non-managers as of March 31, 2023	4	
TOTAL	27	

REMUNERATION OF EXECUTIVES

<i>Items</i>	<i>Total executives</i>	<i>Bodies</i>		
		<i>Administration</i>	<i>Management</i>	<i>Supervisory</i>
Financial commitments Compensation allocated	1,136,370	60,000	1,076,370	
<i>Conditions of loans granted during the year:</i>				
<i>Repayments made during the year:</i>				

LIST OF SUBSIDIARIES AND EQUITY INTERESTS

Dénomination Siège Social	Capital Capitaux propres	Q.P. détenue Divid. Encaiss.	Val. Brute Titres Val. Nette Titres	Prêts, avances Cautions	Chiffre d'affaires Résultat
FILIALES (plus de 50%)					
EuropaCorp Télévision 20 Rue Ampère - 93200 Saint-Denis	113 233 16 304 726	95,2	7 975 136 7 975 136		1 367 092 1 588 452
EuropaCorp TV 20 Rue Ampère - 93200 Saint-Denis	37 000 356 075	100	37 000		- 8 614
EuropaCorp Aéroville 20 Rue Ampère - 93200 Saint-Denis	1 000 14 043 354	100	1 000		- 310 486
Orchestra 20 Rue Ampère - 93200 Saint-Denis	1 000 6 156	100	1 000 1 000		- 3 781
Valérian Holding 20 Rue Ampère - 93200 Saint-Denis	7 294 000 220 623	100	7 294 000		1 393 511 148 155
EC Films USA 8605 Santa Monica Blvd - PMB 124329	9 382 5 256 089	100	220 395 966 11 238 707		4 319 187 2 140 997
EuropaCorp Finance LLC 68 South Service Rd, Suite 120, Melville	81 78 207	100	81 81		- 39 024
EuropaCorp Distribution 20 Rue Ampère - 93200 Saint-Denis	45 000 2 194 243	100	32 620 900		395 161 97 116
EuropaCorp Home Entertainment 20 Rue Ampère - 93200 Saint-Denis	38 500 433 044	100	7 700 7 700		826 702 273 098
PARTICIPATIONS (10 à 50%)					
Elzevir Films 14 rue Drouot - 75009 Paris	67 424 3 847 963	28,81	499 998 499 998		1 098 644 27 396

BREAKDOWN OF PREPAID EXPENSES AND DEFERRED INCOME

As of March 31, 2023

PREPAID EXPENSES	115,426
48600000 PREPAID EXPENSES COMPANY EXPENSES	111,565
4866xxx PREPAID EXPENSES FILMS	3,861
DEFERRED INCOME	(1,001,549)
487xxxxx DEFERRED INCOME COMPANY EXPENSES	(847)
487xxxxx DEFERRED INCOME FILMS	(1,000,702)

5.2 Statutory Auditors' report on the separate financial statements

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, 2023 as attached to this report.

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.

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 carried out our audit mission in compliance with the rules of independence provided for by the French Commercial Code and by the Code of Ethics for Statutory Auditors over the period from April 1, 2022 to the date of issue of our report.

3 Justification of assessments

Pursuant to the provisions of Articles L. 823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following assessments which, in our professional judgment, were the most significant for the audit of the annual financial statements for the financial year.

The assessments thus made are part of our audit of the annual financial statements, taken as a whole, 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 "Revenue recognition" to the annual financial statements sets out the accounting rules and methods relating to the events giving rise to the production revenue of your company. As part of our assessment of the accounting rules and principles followed by your company, we verified the appropriateness of the accounting methods referred to above and the information provided in the note to the annual financial statements, and we ensured their correct application.

Valuation of film and audiovisual rights

Your company amortizes film or audiovisual works using the estimated revenue method as described in Note 3.5 "Film amortization methods" in the appendix. In particular, we verified that the use of these estimates did not result in an overestimation or underestimation of the net book value of these intangible assets and compared the accounting estimates of revenue from previous periods with the corresponding results.

Valuation and depreciation of equity holdings

The equity holdings, for which the net amount shown in the balance sheet as of March 31, 2023 is €19,722,622, are valued at their acquisition cost and depreciated on the basis of their value in use according to the methods described in

Note 5 “Financial assets and related receivables”. On the basis of the information provided to us, our work consisted in assessing the data and assumptions on which these estimates are based, in particular the cash flow forecasts prepared by management, comparing them with the corresponding results, and reviewing the calculations made.

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 and in the other documents for the shareholders concerning the financial situation and the annual financial statements.

We hereby certify the truthfulness and consistency with the annual financial statements of the information regarding the payment terms mentioned in Article 441-6 of the French Commercial Code.

Report on corporate governance

We confirm that the Board of Directors’ report on corporate governance provides the information required under Article L.225-37-4 of the French Commercial Code.

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 Responsibilities of management and those charged with corporate governance for the annual 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.

The financial statements have been approved by the Board of Directors.

6 Responsibilities of the Statutory Auditors with respect to the audit of the annual financial statements

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 annual financial statements and assess whether the annual financial statements reflect underlying operations and events in a way that provides a truthful picture.

Paris and Vincennes, July 20, 2023

The Statutory Auditors

Aca Nexia
Represented by
Olivier Juramie

Acofex
Represented by
Arnaud Malivoire

5.3 Statutory Auditors' special report on regulated agreements

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 signed with École de la Cité

Persons concerned:

Luc Besson, Chairman of the Board of Directors, shareholder of your company, Chairman and majority shareholder of Front Line, and Chairman of the Ecole de la Cité association.

Nature and purpose:

By a termination amendment dated March 26, 2021, the parties agreed to terminate, with effect from March 21, 2021, the lease agreement between them. The Parties entered into an agreement under which EuropaCorp waived its rent arrears receivable of €229,839.19, excluding interest, with a return to better fortune clause: EuropaCorp will again become a full creditor in the event that La Cité du Cinéma could reopen its classes.

This agreement was authorized by the Board of Directors on May 30, 2022.

1.2 Agreements authorized and entered into since the end of the financial year

1.2.1 Subletting agreement with B.O. SARL and transactional agreement

Persons concerned:

Front Line, a shareholder in your company and a B.O. partner with a 51% stake.

Luc Besson, Chairman of the Board of Directors of EuropaCorp 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 granted 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 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.

On April 21, 2023, the parties entered into a settlement memorandum of understanding with the aim of putting an end to the disputes between the two companies and to put an end to any claims. In this context, the parties agreed to the following:

- EuropaCorp agrees to pay a provisional indemnity in the amount of €277,289 corresponding to the amount of rent due by B.O. as of March 31, 2023. This indemnity may be increased by one or more third-party indemnities in the event that EuropaCorp itself receives indemnities as compensation for the damages related to the early termination of the lease. The indemnity will also be increased by €5,000 per month as from April 1, 2023 at the end of the sublease. The €5,000 will be deducted from the amount of the monthly rent;
- EuropaCorp undertakes to present the claims made by B.O. to La Nef Lumière as the main lessee;
- EuropaCorp agrees to reduce the rent due by B.O. from €13,297.45 to €10,000 including tax until the date of departure from EuropaCorp or as of December 31, 2023;
- EuropaCorp undertakes to return the security deposit paid by B.O., in the amount of €27,454.52;
- B.O. undertakes to reimburse the initial amount of the indemnity, i.e. €277,289 by providing compensation for any indemnities to be received from third parties;
- No later than June 30, 2023, B.O. will pay the amount of €55,457.81 corresponding to VAT on unpaid rents;

The agreement is also considered as a regulated agreement in view of Front Line's indirect interest. This agreement was authorized by the Board of Directors on March 28, 2023.

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 Luc Besson Production domiciliation agreement

Person concerned: Luc Besson, Chairman of the Board of Directors 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:

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.

This agreement had no financial impact on the financial statements of March 31, 2023.

2.1.2 Contracts concluded as part of the Dogman project

Persons concerned:

- Luc Besson, Chairman of the Board of Directors and shareholder of your company, Chairman and majority shareholder of Front Line and Chairman and sole partner of Luc Besson Production (LBP).

Nature and purpose:

As part of the production of the film *Dogman*, directed by Luc Besson, 11 contracts were presented to the Board of Directors on March 29, 2022 and validated by it. Of these contracts, seven were standard agreements and four were regulated agreements.

- EuropaCorp staff secondment agreement
- Contract for the reimbursement of general and administrative expenses
- Service agreement
- Subletting agreement for the premises of École de la Cité

The outstanding amount of the *Dogman* film as of March 31, 2023 was €1,737 thousand.

2.1.3 Lease with Front Line

Persons concerned:

Front Line, a shareholder of your company.

Luc Besson, Chairman of the Board of Directors 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 foot 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.

Your Company's Board of Directors authorized this amendment at its meeting of March 26, 2015. However, the Board of Directors 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 installments beginning on April 1, 2019.

However, Front Line entered safeguard proceedings on May 28, 2019. Front Line's debt to your company was declared in the Front Line plan for an amount of €309,248.30.

The Front Line safeguard plan provides for a settlement in three installments. As of March 31, 2023, all the installments were settled in accordance with the plan.

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.

For the financial year, the amount invoiced to Front Line (including charges and common areas) amounted to €12.45 thousand.

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 and commitments already approved by the General meeting in prior financial years that were not executed during the past year.

2.2.1 Agreements entered into as part of the reorganization of the Group

Person concerned: Luc Besson, Chairman of the Board of Directors 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 \$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 thousand 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 thousand 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 on March 31, 2023.

These agreements were authorized by your Board of Directors on February 6, 2020 when the draft safeguard plan was approved.

2.2.2 Cooperation agreement between Seaside Films Company and EuropaCorp

Persons concerned:

Luc Besson, Chairman of the Board of Directors of EuropaCorp and shareholder of your company and majority shareholder of Seaside Films Company;
Front Line, a shareholder 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 on March 31, 2012, to take into account the 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.

A new contract was signed on March 29, 2021 for guilds in the United States.

The agreement had no impact on the financial year.

2.2.3 Lease agreement with Les Studios de Paris

Persons concerned:

- Front Line, a shareholder of your company;
- Luc Besson, Chairman of the Board of Directors and shareholder of your company and Chairman and majority shareholder of Front Line.

Nature and purpose:

The main purpose of this transaction was to recognize that the balance of rent or occupancy compensation due by Studios de Paris for its presence at La Cité du Cinéma should be paid to EuropaCorp and not to Front Line. Front Line therefore had to reimburse the sum of €150,000 received from Studios de Paris in respect of the payment of part of the rents. In addition, EuropaCorp slightly reduced its rental receivable against Studios de Paris from €4,299,335.92 (incl. tax) to €3,942,873.17 (incl. tax) and its current account receivable against Studios de Paris from €6,546,574.67 to €6,508,945.66.

The transaction was signed on February 15, 2022.

Paris and Vincennes, July 20, 2023

ACA Nexia
Represented by
Olivier Juramie

Acofex
Represented by
Arnaud Malivoire

6. APPENDICES

6.1 Financial summary and other company information for the last five financial years (in euros) as per French accounting standards

Date of closing	03/31/2023	03/31/2022	03/31/2021	03/31/2020	03/31/2019
Duration of financial year (months)	12	12	12	12	12
SHARE CAPITAL AT THE END OF FINANCIAL YEAR					
Share capital	41 862 290	41 862 290	41 514 759	13 932 353	13 932 353
Number of shares					
- ordinary	123 124 383	123 124 383	122 102 231	40 977 509	40 977 509
- preferred dividend					
Maximum number of shares to be created					
- by conversion of bonds					
- by subscription right					
OPERATIONS AND RESULTS					
Sales excluding taxes	26 723 998	28 512 544	32 428 755	49 278 329	97 722 014
Income before tax, profit-sharing, depreciation and provisions	(35 276 413)	9 924 048	(50 351 146)	(42 016 028)	33 150 406
Income tax	(477 969)	(646 071)	(562 694)	(460 015)	(5 645 719)
Employee profit-sharing		21 410			
Depreciation and provisions	(38 769 211)	(5 508 131)	(60 573 546)	167 500 546	103 295 345
Net income	3 970 767	16 056 839	10 785 094	(209 056 560)	(64 499 221)
Distributed income					
EARNINGS PER SHARE					
Income after tax, profit sharing, before depreciation, amortization and provisions	(0,28)	0,09	(0,41)	(1,01)	0,95
Income after tax, profit-sharing, depreciation and provisions	0,03	0,13	0,09	(5,10)	(1,57)
Dividend paid	0	0	0	0	0
EMPLOYEES					
Average number of employees	27	27	31	31	38
Total payroll	4 504 354	3 414 068	2 621 722	2 106 666	5 490 296
Amounts paid in social benefits (social security, social works...)	1 795 209	1 590 432	1 167 862	928 061	2 265 273

6.2 Report on share buyback transactions

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 09/09/2022	09/10/2021 No. 13
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	09/09/2022 No. 6
Authorization, subject to a condition precedent, to reduce the share capital through the cancelation of shares	10% of the Company's share capital per 24-month period	18 months Canceled on 09/09/2022	09/10/2021 No. 28
Authorization, subject to a condition precedent, to reduce the share capital through the cancelation of shares	10% of the Company's share capital per 24-month period	18 months	09/09/2022 No. 20

During the 2022/2023 financial year, only the authorizations to purchase Company shares or have them purchased within the framework of a share buyback program were used.

- **Special report pursuant to Article L.225-211 of the French Commercial Code**

Description of the share buyback program implemented during the 2022/2023 financial year

- *Legal framework*

The Combined general meeting of September 10, 2021, pursuant to its 13th resolution, authorized the Board of Directors to implement a share buyback program in accordance with the provisions of Articles L.225-209 *et seq.* of the French Commercial Code.

The Combined general meeting of September 9, 2022, in its 6th 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 13th resolution of the Combined general meeting of September 10, 2021 and by the 6th resolution of the Combined general meeting of September 9, 2022 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 10, 2021, in its 28th resolution, 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.

The Combined general meeting of September 9, 2022, in its 20th 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.

Share buybacks by EuropaCorp during the financial year ended on March 31, 2023

The table below summarizes the transactions completed during the financial year ended on March 31, 2023.

Table of transactions in securities from April 1, 2022 to March 31, 2023

	Liquidity agreement	Share buyback outside the liquidity agreement
Number of shares purchased	201,713	-
Number of shares sold	208,993	-
Weighted average price	€0.532	-
Trading fees	-	-
Purpose	Supporting the share price	Possible external growth operations
On the financial year closing date / As of March 31, 2023		
Number of shares registered in the Company's name	71,040	14,229
Value of the shares at the average purchase price	37,457	7,503
Value of the shares at the closing price	41,914	8,395
Par value of the shares	€0.34	€0.34
% shares/capital	0.06%	0.01%

Outside the liquidity agreement, the Company carried out no transactions on its own shares under the share buyback program during the financial year ended on March 31, 2023.

As of March 31, 2023, the Company held 85,269 shares, representing 0.07% of its share capital, valued at €50,309 based on the closing price of EuropaCorp stock on March 31, 2023 (i.e. €0.590). In accordance with applicable legal and regulatory requirements, these shares do not carry dividend rights or voting rights.

No treasury shares were 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.

- **Description of the share buyback program submitted to the Combined general meeting of September 12, 2023**

The Combined general meeting scheduled on September 12, 2023 provides for the authorization of the Board of Directors to implement a new share buyback program.

The main characteristics of this program would be identical to those of the program approved by the General meeting of September 9, 2022. 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 could 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 would be 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 Board of Directors must inform the General meeting of the transactions carried out in accordance with the applicable regulations.

In accordance with the regulations in force, the Company must inform the French Financial Markets Authority (*Autorité des marchés financiers* - AMF) of purchases, disposals and transfers made and, more generally, carry out all necessary formalities and declarations.

The General meeting would grant 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 12, 2023 would also be asked to authorize 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 cancelation 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.

Luc Besson
Chairman of the Board of Directors