

EUROPACORP

HALF-YEARLY FINANCIAL REPORT
TO SEPTEMBER 30, 2023

A - ACTIVITY REPORT FOR THE FIRST HALF OF 2023/2024

1. EuropaCorp Group results

The first half of the 2023/2024 financial year was marked by the release of Dogman on 27 September 2023 in France, a film by Luc Besson which was in the official selection at Venice, and the sustained exploitation of the catalogue. As a reminder, deliveries of Dogman to international distributors took place on 31 March 2023, and International Sales revenue was therefore recorded during the previous financial year; only French Theatrical revenues were recorded at 30 September 2023 for this film (and for the first weekend of theatrical release only).

The EuropaCorp Group's IFRS consolidated accounts for the first half of the 2023/2024 financial year show consolidated sales of €13.4 million, compared with €13.2 million for the first half of the previous financial year (+2%). Better TV/SVOD sales in France (+€1.4 million) were offset by lower international royalty payments.

Generally speaking, the Group would point out that its revenues are linked to the release schedule for its films under different modes of exploitation, the timing of which can lead to significant variations in sales per channel from one half-year to the next. Half-year sales and earnings are therefore no guarantee of full-year sales and earnings.

Due to the presence of line-up films with higher distribution and depreciation costs than catalogue films, and the limited number of tickets sold in France for Dogman, released on 27 September (only the first weekend of release is recorded in the first half-year), the operating margin fell to 28%, from €6.7 million in the first half of the previous year to €3.7 million.

Overheads came to €4.9 million for the six months ended 30 September 2023, a significant improvement on the €6.5 million in overheads for the first half of the previous financial year. This was due to a number of savings, notably on rental charges following the relocation of the Group's head office from the Cité du Cinéma in Paris, and on banking and advisory fees.

Other operating income and expenses amounted to €2.3 million, mainly relating to exceptional restructuring items, compared with €(0.2) million relating mainly to the disposal of Digital Factory in the first half of the previous year.

After taking these items into account, operating profit came to €1.1 million, compared with a breakeven result (€29 thousand) for the six months to 30 September 2022.

Net financial income for the first half of 2023/2024 of €(1.0) million breaks down as follows:

- (€2.3) million: cost of financial debt relating to the Senior debt, spread over 9 years under the Safeguard Plan;
- 0.7 million in interest received from cash investments;
- 0.6 million: a positive foreign exchange result due to changes in the €/€ exchange rate over the period;
- (0.1) million: other financial costs, including in particular the rent expense reclassified as financial interest (IFRS 16).

Profit before tax on ordinary activities was therefore €0.1 million, and with no tax charge booked for the period, the Group share of net profit for the first half was also €0.1 million.

Cash flow from operations for the half-year was €8.2 million, the same as for the first half of the previous financial year.

2. Activities

2.1 *Production and distribution of motion pictures*

2.1.1 International Sales

International sales amounted to €5.4 million, representing around 41% of total sales. They were down by €1.8 million on the first half of the previous year, mainly due to significant royalties received on the films Lucy and Taken 3 on the first half of the previous financial year.

2.1.2 Theatrical distribution

Theatrical distribution, marked by the release of Dogman by Luc Besson on September 27, 2023, recorded revenues of €0.3 million, taking into account only the first weekend of admissions. By end of November, the film has sold almost 300,000 tickets in France.

2.1.3 Video & VOD

Video & VOD revenues in France and the United States came to €0.5 million, unchanged on the previous year, and mainly relate to VOD revenues in France.

2.1.4 Sales of television rights (Television & SVOD)

Television & SVOD sales in France and the United States totaled €5.3 million in the first half of 2023/2024, or 40% of revenues. They were up by €1.4 million on the first half 2022/2023, thanks in particular to a significant sale of the film Valerian and the City of a Thousand Planets in the United States.

2.1.5 Production and distribution of television films and series

Revenues from the TV Series business amounted to €0.3 million following statements received for the Taken series, compared with €0.2 million for the same series at September 30, 2022.

2.2 *Other activities*

The Other activities item generated a total of €1.5 million, compared with €1.1 million in the first half of the previous year. This item comprises income from derivative rights (partnerships, licensing, music publishing, neighboring rights, etc.) and co-productions signed by the Group.

3. Cost of sales

“Cost of sales” (operating expenses excluding overheads) amounted to €(9.7) million, compared with €(6.4) million for the first half of the 2022/2023 financial year.

The €3.2 million increase in this item is mainly due to the €2.7 million increase in depreciation, which amounted to €(5.7) million compared with €(3.1) million at 30 September 2022, mainly as a result of the film Dogman. Distribution costs also increased due to the theatrical release of Dogman in France at the end of the first half-year.

The operating margin therefore fell to 28% from 51% at 30 September 2022.

4. Investments made

The Group invested €11.2 million in production, mainly on the film Weekend Escape Project, compared with €1.3 million (mainly Dogman) in the first half of 2022/2023.

5. Financial structure

At 30 September 2023, net debt stood at €27.4 million, compared with €22.2 million at 31 March 2023. This increase is mainly due to the use of available cash to invest in the Weekend Escape Project film, partly covered by cash flows generated by the business. The Group also paid the third instalment under the Safeguard Plan for the repayment of senior debt, amounting to €11 million. The Group's cash position therefore stood at €41.6 million at 30 September 2023 (compared with €55.7 million at 31 March 2023).

6. Important events during the first half of the year

- Release of the film Dogman

Luc Besson's Dogman, starring Caleb Landry Jones, was released in French cinemas on 27 September 2023. It had previously been selected in competition at the Mostra Internazionale d'Arte Cinematografica - la Biennale di Venezia 2023, held from 30 August to 9 September 2023. By end of November 2023, the film had sold almost 300,000 tickets in France.

7. Important events since the closing date

N/A

8. Risk factors and related party transactions

The risk factors are of the same nature as those set out in Chapter 3 of the Annual Report and do not present any significant changes.

Amounts relating to financial and market risks as of September 30, 2023, are set out in note 3.11 "Financial instruments" to the interim consolidated financial statements in this report.

Related party transactions are described in note 5.2 to the interim consolidated financial statements in this report.

9. Perspectives

EuropaCorp has completed shooting of the film tentatively entitled Weekend Escape Project, co-written by Luc Besson and George Huang, and produced by Virginie Besson-Silla. The film is directed by George Huang, with Luke Evans and Gwei Lun Mei in the lead roles. This film is in line with EuropaCorp action films such as Taken, Transporter, From Paris with Love, Danny the Dog etc., and is scheduled for theatrical release in spring 2024.

EuropaCorp also signed a co-development / co-production agreement for the series adaptation of one of its biggest hits, Lucy, with Los Angeles-based Village Roadshow. Development resumed following the end of the WGA (Writers Guild of America) strike in the United States at the end of September.

In addition, the Group intends to shortly put several significant projects already developed into production, as soon as the associated financing is secured. These projects, which are currently being pre-financed, concern films and series, considering both EuropaCorp's DNA and the evolution of the market

B - CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023 IN ACCORDANCE WITH IFRS

CONSOLIDATED INCOME STATEMENT

		Year Ended September 30,	
		2023	2022
<i>(amounts in thousands of euros, except for the number and data per share)</i>			
Turnover	Note 4.1	13 366	13 165
Revenue	Note 4.1	13 366	13 165
Cost of sales		(9 655)	(6 433)
Operating margin	Note 4.2	3 712	6 732
Overheads	Note 4.3	(4 939)	(6 541)
Other income and expenses	Note 4.4	2 331	(163)
Operating profit (loss)		1 104	29
Income from financial investments / (Cost of financial debt)		(1 579)	(1 206)
Other financial income and expenses		531	1 512
Financial income	Note 4.5	(1 048)	306
Current income before income tax		56	335
Tax	Note 4.6	24	371
Equity in net earnings of associated companies	Note 3.5	0	0
Net income		80	706
Including			
: Net Income – Minority share		21	70
Net Income – Group share		59	636
Basic net income per share	Note 2.5	0,00	0,01
Diluted net income per share	Note 2.5	0,00	0,01
Number of shares used to calculate basic EPS		123 060 681	123 046 779
Number of shares used to calculate diluted EPS		125 356 304	125 979 694

Operating profit (EBIT) at 30 September 2023 includes €5,733 thousand of depreciation and amortization charges, compared with €3,053 thousand at 30 September 2022. Operating profit before depreciation of films and series at 30 September 2023 was therefore €6,837 thousand, compared with €3,082 thousand at 30 September 2022.

STATEMENT OF COMPREHENSIVE INCOME

	30.09.2023	30.09.2022
Net income	80	706
<i>Income and expenses directly recognized in equity</i>		
- Net investments change		
- Currency translation differences	202	410
- 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	202	410
Total comprehensive income for the period	282	1 116
<i>Breakdown of comprehensive income for the period</i>	30.09.2023	30.09.2022
Shareholders of the entity	261	1 046
Minority interest	21	70
Total comprehensive income for the period	282	1 116

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated 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, 2023 balance	<u>123 124 383</u>	<u>41 862</u>	<u>135 192</u>	<u>(180 821)</u>	<u>4 538</u>	<u>(49)</u>	<u>58</u>	<u>780</u>	<u>387</u>	<u>1 167</u>
Net income appropriation in reserves				58			(58)	0		0
Transfer of a part of the share premium in reserves								0		0
Dividends distribution								0		0
Share-based payments				82				82		82
Net variation of treasury shares and stock dividends						7		7		7
Impact of the changes in the scope of consolidation								0	2	2
Currency translation reserve					202			202		202
09/30/2023 net income							59	59	21	80
Total of income and costs of the period				0	202	0	59	261	21	282
Capital increase		0	0					0		0
Capital increase expenses								0		0
Free shares allocation plan								0		0
September 30, 2023 balance	<u>123 124 383</u>	<u>41 862</u>	<u>135 192</u>	<u>(180 681)</u>	<u>4 739</u>	<u>(43)</u>	<u>59</u>	<u>1 129</u>	<u>411</u>	<u>1 540</u>

CONSOLIDATED BALANCE SHEET

(amounts in thousands of euros)

		30-Sep-23		31-Mar-23	
ASSETS		Gross	Amortisations / Provisions	Net	Net
Non-current assets :					
Goodwill	Note 3.1	12 936	(12 936)	0	0
Intangible assets	Note 3.2	1 468 325	(1 434 266)	34 059	28 684
Property and Equipment	Note 3.3	532	(391)	141	164
Other financial assets	Note 3.4	5 984	0	5 984	6 573
Investments in associates	Note 3.5	0	0	0	0
Deferred taxes assets		695	0	695	12
Right-of-use leased assets	Note 3.10	4 079	(37)	4 041	1 449
Total non-current assets		1 492 550	(1 447 630)	44 920	36 882
Current assets :					
Inventory		210	(147)	63	63
Trade accounts receivable	Note 3.6	20 932	(2 369)	18 563	23 700
Other accounts receivable	Note 3.7	12 446	(7 144)	5 302	4 047
Other current assets	Note 3.13	1 101	0	1 101	1 592
Cash and cash equivalents	Note 3.12	41 572	0	41 572	55 688
Total current assets		76 261	(9 661)	66 599	85 090
TOTAL ASSETS				<u>111 519</u>	<u>121 972</u>
				30 September	31 March
				2023	2023
LIABILITIES					
Equity - Group share					
Issued capital				41 862	41 862
Retained earnings and reserves				(40 733)	(41 082)
Total equity - Group share	Note 3.8			1 129	780
Minority interests				411	391
Non-current liabilities :					
Provisions for pensions and similar				431	508
Deferred taxes liabilities				0	0
Long term borrowings and financial debts	Note 3.9			61 939	66 597
Deposits and guarantees received	Note 3.9			102	286
Lease liability - long term (> 1 year)	Note 3.10			3 567	1 958
Other non-current liabilities	Note 3.13			7 135	7 986
Total non-current liabilities				73 174	77 334
Current liabilities :					
Short term borrowings and financial debts	Note 3.9			6 933	10 969
Lease liability - short term (< 1 year)	Note 3.10			530	2 686
Provisions for risks and expenses	Note 3.11			161	161
Trade accounts payable	Note 3.12			18 907	20 442
Other financial liabilities				6 638	7 021
Other current liabilities	Note 3.13			3 636	2 189
Total current liabilities				36 805	43 467
TOTAL LIABILITIES				<u>111 519</u>	<u>121 972</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended September 30,

<i>(amounts in thousands of euros)</i>	2023	2022
Operations		
Net income - Group share without discontinued operations	59	636
Net income - Minority share	21	70
Depreciation and amortization	7 168	4 333
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	146	(3)
Share of income from associates consolidated using the equity method	0	0
Income and expenses due to share-based payments and similar	82	340
Operating cash flow after net financial debt cost and taxes	7 476	5 375
(Income from financial investments) / Cost of financial debt	1 000	1 509
Taxes (Income) / Cost	(24)	(371)
Operating cash flow before net financial debt cost and taxes	8 452	6 513
Change in working capital requirement :		
Inventory	1	(16)
Trade accounts and notes receivable	4 460	5 597
Deferred costs	491	675
Trade notes and accounts payable	(4 471)	(2 246)
Deferred income	(779)	(2 302)
Tax paid	0	0
Net cash flow from operations	8 155	8 220
	Note 5.1	
Investment activities		
Acquisition of intangible assets	(11 197)	(1 308)
Acquisition of other intangible assets	0	(0)
Acquisition of property and equipment	(4 173)	(50)
Income on disposal of intangible assets and property, plant and equipment	57	0
Net change in financial assets	89	(355)
Change in liabilities on long-term investment	0	0
Change in minority reserves	0	0
Impact of the changes in the scope of consolidation	0	(109)
Net cash flow from investment activities	(15 225)	(1822)
	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	4 612	1 131
Net decrease in bank borrowings and overdrafts	(9 288)	(10 905)
Decrease in lease liability	(1 595)	(1 925)
Net change in treasury shares	0	0
Interest expenses paid	(1 534)	(1 310)
Interest income received and net gain/loss from disposals	682	104
Net cash flow from financing activities	(7 124)	(12 905)
	Note 5.1	
Overall change in cash position	(14 193)	(6 507)
Incidence of foreign exchange rate change	76	238
Opening cash position	55 688	60 573
Cash position at the end of period	41 571	54 304
broken down into:		
<i>Marketable securities</i>	649	649
<i>Cash and cash equivalents</i>	40 923	53 656
<i>Overdraft</i>	(0)	(0)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - THE EUROPACORP GROUP

1.1 Group activity

EuropaCorp, a public limited company (*société anonyme*) governed by the provisions of French law, and its subsidiaries, have as their principal activity the production and distribution of cinematographic works.

1.2 Changes in the scope of consolidation

There were no changes in the scope of consolidation between 1 April 2023 and 30 September 2023.

1.3 Seasonality of the activity

The EuropaCorp group points out that its results are linked in particular to the number and timing of film releases and television series deliveries, as well as to the financing structure of its works. These factors can lead to significant variations in results from one period to another. The half-year consolidated results are therefore not representative of future annual results.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General principles

The condensed consolidated interim financial statements of EuropaCorp for the year ended September 30, 2023, have been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. They have been prepared in accordance with IAS 34 "Interim Financial Reporting".

These financial statements do not include all the information required for annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended March 31, 2023.

The accounting policies used are identical to those described in the published consolidated financial statements for the year ended March 31, 2023 (see in particular Note 2 "Accounting policies" to these financial statements, pages 65 to 76 of the Annual Report published on July 21, 2023), except for the new standards and interpretations applicable and described in the following paragraph.

The condensed consolidated financial statements are presented in thousands of euros unless otherwise indicated.

The interim financial statements were reviewed and approved by the Board of Directors on December 12, 2023. These interim financial statements have not been subject to a limited review by the statutory auditors.

2.2 Significant uncertainty related to continuity as a going concern

In accordance with IAS 1.25, management is required to make an assessment of the entity's ability to continue as a going concern, and where there are significant uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, the entity is required to disclose those uncertainties. In making these assessments, management considers all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period to September 30, 2024.

The Group's ability to continue as a going concern is not in doubt, given the information available at the date of preparation of these interim financial statements and the Group's cash position. In addition, the repayment schedules set out in the Safeguard Plan have been met. The financial statements have therefore been prepared on a going concern basis.

2.3 Application of new standards and interpretations

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/FR/TXT/?uri=LEGISSUM%3A126040>) for financial years beginning on or after April 1, 2023, have been applied by the Company and have not resulted in any significant change in the methods of measurement and presentation of the financial statements.

IFRS standards, IFRIC interpretations or amendments applied by the Company as of April 1, 2023

Standards, amendments, and interpretations	Dates of adoption by the European Union	Application dates: financial years beginning on or after
Amendments to IAS 1, "Disclosure of Accounting Policies"	02/03/22	01/01/23
Amendments to IAS 8, "Definition of an Accounting Estimate"	02/03/22	01/01/23
Amendments to IAS 12, "Income Taxes"	11/08/22	01/01/23

The IASB has published standards and interpretations that have not yet been adopted by the European Union as at 30/09/23; these have not been applied by the Group as at that date.

Standards, amendments, and interpretations	Dates of adoption by the European Union	Application dates: financial years beginning on or after
Amendments to IAS 28 and IFRS 10 "Sale or contribution of assets between an associate and a joint venture"	11/09/14	Undetermined date
Amendments to IFRS 16, "Lease Obligations under Sale and Leaseback Transactions"	22/09/22	01/01/24
Amendments to IAS 1 on the classification of liabilities as current and non-current	31/12/22	01/01/24
Amendments to IAS 12 "International Tax Reform - Pillar 2 Model Rules"	23/05/23	01/01/23
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	25/05/23	01/01/24
Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"	15/08/23	01/01/24

The impacts of the draft standards and interpretations currently being studied by the IASB have not been anticipated in these consolidated financial statements and cannot be reasonably estimated at this time.

2.4 Management estimate

The preparation of interim financial statements requires the use of estimates and assumptions that affect the valuation of certain assets and liabilities reported in the consolidated balance sheet and certain income statement items.

Assumptions and estimates that could result in a material adjustment to the carrying amount of assets and liabilities within the next reporting period mainly relate to:

- The identification of impairment indicators for goodwill and intangible assets with indefinite useful lives;
- Valuation of the net book value of films and preliminary costs;
- Valuation of deferred tax assets;
- Risk assessment of legal actions.

2.5 Earnings per share

In accordance with IAS 33 - Earnings per Share, basic earnings per share are calculated by dividing net income for the year attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the year. Treasury shares are not considered as outstanding shares and therefore reduce the number of shares taken into account for the calculation of net earnings per share.

Diluted earnings per share are determined by adjusting, where appropriate, the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive instruments (i.e. those that have the effect of reducing earnings per share). For the Group, the only potentially dilutive instruments are bonus shares granted.

The main assumptions used to calculate the earnings per share presented in the financial statements are as follows:

Number of shares outstanding as of September 30, 2023 (A)	123 124 383
Number of treasury shares held as of September 30, 2023 (B)	63 702
<i><u>Dilutive effect of the bonus share plan</u></i>	
<i>Maximum number of shares granted on July 15, 2021 (C)</i>	2 295 623
Weighted average number of shares as at September 30, 2023 (A-B)	123 060 681
Weighted average number of shares at September 30, 2023 (dilutive) (A-B+C)	125 356 304

NOTE 3 - NOTES TO THE CONSOLIDATED BALANCE SHEET

3.1 Goodwill

No change in the net value of goodwill as of September 30, 2023. Goodwill is fully impaired.

3.2 Intangible assets

<i>(in thousands of euros)</i>	31.03.2023	Movements during the period			30.09.2023
		+	-	<i>Other</i> ⁽¹⁾	
Films and audiovisual rights	1 435 601	-	-	518	1 436 120
Production costs	-	11 099	-	18	11 117
Preliminary expenses	15 856	98	(51)	(18)	15 885
Other	5 712	-	(509)	-	5 203
Gross amount	1 457 170	11 197	(560)	518	1 468 325
Films and audiovisual rights	(1 422 898)	(5 760)	51	(518)	(1 429 125)
Other	(5 588)	(62)	509	-	(5 141)
Depreciation/Provisions	(1 428 486)	(5 822)	560	(518)	(1 434 266)
Net amount	28 684	5 375	-	-	34 059

(1) Changes in the scope of consolidation, transfers from one item to another, foreign exchange impact

As of September 30, 2023, the net book values of intangible assets are as follows:

<i>(in thousands of euros)</i>	30.09.2023	31.03.2023
Preliminary expenses	1 148	1 122
Production costs	11 117	-
Completed films	21 732	27 438
Other intangible assets	62	124
TOTAL INTANGIBLE ASSETS	34 059	28 684

The increase in the net value of intangible assets over the period is mainly due to the investment of €11.1 million in the film Weekend Escape Project, which was shot during the summer of 2023, partly offset by €5.8 million in film amortization.

Preliminary costs that have not resulted in a decision to shoot a film within five years of their first activation are written down. However, this principle does not apply to projects that have been capitalized for more than five years, where there are specific production commitments or genuine expressions of interest, or where the company considers that the duration of development does not call into question the likelihood of the project being filmed at term. As of September 30, 2023, the residual net book value of projects for which the first expenditure has been capitalized for less than 5 years amounted to €1,148 thousand.

The company points out that films and audiovisual productions are amortized for each film or audiovisual production using the estimated revenue method, which consists of applying to the cost of the film the ratio resulting from the comparison between net earned revenues and total estimated net revenues, as specified in paragraph 2.7.4 of the notes to the consolidated financial statements for the fiscal year ending March 31, 2023. Total net revenues include (i) net earned revenues for the period, taking into account revenues and distribution costs of films in the US, and (ii) estimated net revenues for a maximum of 12 years from the date of first exhibition. The timeframe used remains the same as that used for the closing of the annual accounts on March 31, 2023.

3.3 Property, plant and equipment

<i>(in thousands of euros)</i>	31.03.2023	Movements during the period			30.09.2023
		+	-	Other ⁽¹⁾	
Plant, machinery and equipment	159	-	(159)	-	-
Land, buildings	4	-	(4)	-	-
Other property, plant and equipment	1 106	95	(675)	7	532
Gross amount	1 268	95	(837)	7	532
Plant, machinery and equipment	(159)	-	159	-	-
Land, buildings	(3)	(1)	3	-	-
Other property, plant and equipment	(943)	(25)	583	(7)	(391)
Depreciation/Provisions	(1 104)	(26)	745	(7)	(391)
Net amount	164	69	(92)	-	141

(1) Changes in the scope of consolidation, transfers from one item to another, foreign exchange impact

The change in property, plant and equipment over the first half of the year relates to the move of the Group's head office from the Cité du Cinéma in Saint-Denis to Boulevard Haussmann in Paris (furniture, etc.).

3.4 Other financial assets

Other financial assets mainly comprise loans to LBP of €3 million relating to the production of the film Dogman, and deposits and guarantees maturing in more than one year.

<i>(in thousands of euros)</i>	30.09.2023	31.03.2023
Non-consolidated securities	-	500
Loans and other receivables	3 847	2 725
Deposits and guarantees due > 1 year	2 137	3 347
Net amount	5 984	6 573

Deposits and guarantees mainly comprise the guarantee deposit paid to the lessor Nef Lumière by EuropaCorp for an amount of 0.8 million euros in the context of the commercial lease agreement for the premises at the Cité du Cinéma and that for the Group's new premises in Paris, as well as the balance of the guarantees paid to the Guilds for an amount of 1.2 million euros.

Non-consolidated investments consisted mainly of a minority stake held by EuropaCorp SA in Elzevir Films. The Elzevir shareholding was sold during the first half at its asset value.

3.5 Investments in associates

The Group has no investment in associates that are accounted for using the equity method.

3.6 Trade receivables

<i>(in thousands of euros)</i>	30.09.2023	31.03.2023
Trade accounts receivable - nominal value	13 765	18 485
Provision for impairment of trade receivables	(2 369)	(2 496)
Net value of trade receivables	11 396	15 989
Contract assets	7 168	7 711
Total trade receivables	18 563	23 700

Receivables are recorded at their face value less provisions for impairment of uncollectible amounts. An estimate of the amount of doubtful receivables is made when it is no longer probable that the entire receivable will be recovered. Bad debts are recognized as losses when they are identified as such.

Receivables due in more than one year are mainly held with French television channels.

When the Group has production credits, EuropaCorp allocates a portion of these receivables as collateral for the credits granted by the lending institutions. The receivables are nevertheless maintained in the balance sheet under trade receivables, as only the payment is delegated to the banks.

The decrease in trade receivables is mainly due to the payment of minimum guarantees by international distributors for the film Dogman, which was delivered by 31 March 2023.

3.7 Other receivables

Details of receivables by nature:

<i>(in thousands of euros)</i>	30.09.2023	31.03.2023
Advances and down-payments to suppliers	1 053	1 234
Support funds (CNC)	7 145	7 145
Tax and social security credits	2 524	2 171
Other receivables	1 725	642
Gross amount	12 446	11 192
Provisions for depreciation	(7 144)	(7 144)
Net amount	5 302	4 047

At 30 September 2023, the receivable from the CNC (support fund) comprised €6.2 million in producer support, €0.5 million in video publisher support and €0.4 million in export support, giving a total of €7.1 million. Since the year ended 31 March 2020, this receivable has been written down in its entirety due to the nationality of the majority shareholder.

Other receivables mainly comprise receivables from co-producers. All of these receivables are due within one year.

3.8 Shareholders' equity

3.8.1 Composition of the capital

The Company's share capital is €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 class and fully paid up.

3.8.2 Dividends

The Group did not pay a dividend during the period.

3.8.3 Allocation of free shares

In accordance with its usual resolutions, the Combined General Meeting of September 12, 2023 authorized the Board of Directors to make bonus share grants to employees and officers of the Company. It was not used during the first half-year.

3.9 Borrowings and financial liabilities

The Group defines net financial debt as all financial debts, including financial instruments linked to debts and financial investments, less cash, cash equivalents and related financial instruments.

The company's net financial debt is as follows:

<i>(in thousands of euros)</i>	30.09.2023	31.03.2023
Bonds > 1 year		
Deposits and guarantees received	102	286
Other loans and related debt > 1 year		
Production credits	61 939	66 597
Total Loans Maturing > 1 year	62 041	66 883
Bonds < 1 year		
Bank loans		
Other loans and related debt < 1 year		
Production credits	6 933	10 969
Bank loans and overdrafts		
Marketable securities	(649)	(649)
Cash and cash equivalents	(40 923)	(55 039)
Net debt	27 403	22 164

The decrease in borrowings since 31 March 2023 is mainly due to the payment of the third instalment under the Safeguard Plan for the repayment of the Company's main credit facility, representing approximately €9.1 million in principal.

The financing of film production is achieved in particular through credit facilities that the company specifically allocates to films (credit lines, bank overdrafts, etc.). The actual costs incurred in respect of the specific financing allocated to the productions during the period are included in the capitalized cost of the films.

The amounts of indebtedness shown in the net financial debt table above correspond to the decompensated balances of the Group's various cash accounts.

The marketable securities held by the Group are money-market mutual funds. These securities seek a return close to the EONIA. They are mainly invested in the money and interest rate markets. They do not present a significant risk of loss of value.

At September 30, 2023, marketable securities consisted of money market funds.

3.10 Leases

<i>(in thousands of euros)</i>	30.09.2023	31.03.2023
Right to use leased property	4 041	1 449
Lease liabilities - portion due in more than one year	(3 567)	(1 958)
Lease liabilities - current portion	(530)	(2 686)
Total lease liabilities	(4 097)	(4 644)

On 1 September 2023, the Group signed a new lease for office space at 69 boulevard Haussmann in Paris. The estimated useful life of the leased property is 9 years.

3.11 Financial instruments

The Group's cash requirements are covered by its operating cash flow, supplemented by overdraft facilities, sales contracts and specialized production credits.

The table below provides a comparison by category of the carrying amounts and fair values of all the Group's financial instruments:

<i>(in thousands of euros)</i>	30.09.2023		<i>Breakdown by instrument category</i>				
	Net book value in the balance sheet	Fair value	Fair value by income	Available-for-sale assets	Loans and receivables	Debts at amortized cost	Derivative instruments
Non-consolidated equity investments							
Other non-current financial assets	5 984	5 984			5 984		
Other current financial assets							
Derivative instruments - assets							
Cash and cash equivalents	41 572	41 572	41 572				
Financial assets	47 555	47 555	41 572	-	5 984	-	-
Financial debts of more than 1 year	61 939	61 939				61 939	
Financial debts of less than 1 year	7 035	7 035	-			7 035	
Derivative instruments - liabilities							
Financial liabilities	68 974	68 974	-	-	-	68 974	-

<i>(in thousands of euros)</i>	31.03.2023		<i>Breakdown by instrument category</i>				
	Net book value in the balance sheet	Fair value	Fair value by income	Available-for-sale assets	Loans and receivables	Debts at amortized cost	Derivative instruments
Non-consolidated equity investments							
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	-	-
Financial debts of more than 1 year	66 597	66 597				66 597	
Financial debts of less than 1 year	11 255	11 255	-			11 255	
Derivative instruments - liabilities							
Financial liabilities	77 852	77 852	-	-	-	77 852	-

IFRS 7 requires the classification of assets and liabilities measured at fair value into three levels:

- Level 1 includes valuations based on quoted prices in an active market for identical assets or liabilities;
- Level 2 includes valuations based on observable market data, not included in Level 1;
- Level 3 includes valuations based on unobservable market data.

The financial instruments used by EuropaCorp are all level 1.

In the normal course of business, the Group is exposed to interest rate and currency risks that may have an impact on its net worth.

- Interest rate risk:

The Group's exposure to interest rate risk relates mainly to the portion drawn down on revolving credit lines.

The main credit line bears interest at EURIBOR plus a margin of 3.25%.

The schedule of financial assets and liabilities as at September 30, 2023 is as follows

<i>(in thousands of euros)</i>	30.09.2023	<i>Maturities</i>		
		< 1 year	1-5 years	> 5 years
Fixed rate financial assets	-			
Variable rate financial assets	41 572	41 572		
Financial assets not exposed	5 984	-	5 374	610
Financial assets	47 555	41 572	5 374	610
Fixed rate financial liabilities	-			
Floating-rate financial assets	68 974	7 035	50 261	11 679
Financial liabilities not exposed	-			
Financial liabilities	68 974	7 035	50 261	11 679

The monitoring of interest rate risk and sensitivity can be summarized as follows as of September 30, 2023 (assumption used: 0.5-point increase in interest rates):

<i>(in thousands of euros)</i>	Fixed rate	Variable rate	Not exposed	Total
Financial assets		41 572	5 984	47 555
Financial liabilities		68 974	-	68 974
Net equity before hedging	-	(27 403)	5 984	(21 419)
“Hedging”		-		-
Net equity after hedging	-	(27 403)	5 984	(21 419)
Sensitivity	-	(137)		(137)

- Foreign exchange risk:

The Group is exposed to financial statement translation risk for subsidiaries whose accounts are denominated in foreign currencies, and to transactional risk of exchange rate fluctuations for revenues generated outside the euro zone. This risk also applies to production costs denominated in foreign currencies relating to the portion of certain films shot outside the euro zone. When a significant portion of revenues generated in international markets is denominated in foreign currencies, significant production costs may be denominated in the same currencies. Thus, the Group may benefit from a natural hedge, depending on the respective importance of these flows in the opposite direction.

The Group may also use various financial instruments to hedge foreign exchange risks on cash flows, particularly with regard to fluctuations in the US dollar against the euro. For example, when the company is committed to paying significant expenses in foreign currencies, it may sign forward exchange contracts or currency options with financial institutions.

In accordance with IAS 39, as the Group has chosen not to apply hedge accounting, changes in the fair value of forward purchases and sales in foreign currencies carried out by EuropaCorp are recognized in financial income or loss. The fair value of these instruments, recorded as assets or liabilities in the consolidated balance sheet under "Other receivables" or "Other payables", is determined on the basis of their market value valued according to the closing exchange rates.

As at September 30, 2023, the Company does not have any hedging instruments measured at fair value.

- Liquidity risk:

The liquidity risk to which EuropaCorp is subject is inherent in the production and distribution of cinematographic works. In fact, several months generally separate the investments required for the production and promotion of a film from the receipt of operating revenues. This time lag can make it necessary to resort to bank financing. Although EuropaCorp endeavors to limit its financial exposure as far upstream as possible through a policy of pre-selling international distribution rights and television broadcasting rights for the films it produces, EuropaCorp cannot guarantee that it will always be able to implement such a policy, nor that it will be exempt from all liquidity risk.

In order to cope with the time lag between investments and the receipt of film revenues, EuropaCorp had a main reusable line of credit enabling it to mobilize receivables linked to contracts for a maximum total amount equivalent to \$190 million.

This main line of credit was to be repaid at the end of a five-year period, i.e. by October 21, 2019 at the latest. Under the safeguard plan approved on July 24, 2020 by the Bobigny Commercial Court, the repayment of this credit line (drawings of up to €85.6 million) was scheduled to take seven years. The term was extended by two years in March 2021, bringing the duration of the plan to nine years as of July 24, 2020, with the following new payment schedule:

Year	1	2	3	4	5	6	7	8	9
% of reimbursement	5,8%	11,8%	10,6%	6,7%	12,4%	12,4%	12,1%	14,6%	13,6%

The first three maturities have been honored with the repayment of €5 million, €10 million and €9 million of principal respectively in July 2021, July 2022 and July 2023.

- Credit risk:

The most significant receivables concern the International Sales and TV Sales France activities. As regards TV sales in France, the credit risk is considered low given the size of the broadcasters and the history and quality of the relationships maintained with them.

As far as international sales are concerned, the EuropaCorp Group's policy consists of choosing reference partners in each country where its films are distributed, with whom it has worked on several occasions in the past, while seeking to diversify its potential partners, in particular through regular contacts with the various foreign players at film markets such as Cannes (Marché du Film), Los Angeles (American Film Market), or Berlin (European Film Market).

Given the fact that the credit risk is considered low, the EuropaCorp Group has not deemed it appropriate, at this time, to take out credit insurance.

The following table presents the total amount of credit risk, broken down by major asset class as of September 30, 2023:

<i>(in thousands of euros)</i>	30.09.2023
Trade receivables	18 563
Marketable securities	-
Other receivables exposed to credit risk	-
Total	18 563

- Equity risk:

EuropaCorp generally invests its available cash in monetary products in euros or in secured products (certificates of deposit, commercial paper, term accounts, etc.). It therefore considers that it is not exposed to any equity risk at September 30, 2023.

In addition, at September 30, 2023, EuropaCorp held 63,702 of its own shares, valued at €46 thousand.

<i>(in thousands of euros)</i>	Third-party equity portfolio or equity mutual funds	Treasury shares portfolio
Asset position	None	46
Off balance sheet	None	-
Overall net position	None	46

3.12 Trade and other payables

Details of other liabilities by nature:

<i>(in thousands of euros)</i>	30.09.2023	31.03.2023
Trade payables	18 907	20 442
Equity investment liabilities	-	-
Advances and down-payments on orders	75	28
Taxes and social security contributions payable	3 808	5 015
Miscellaneous liabilities	2 754	1 978
Total other debts	6 638	7 021
Total operating liabilities	25 545	27 463

Trade accounts payable as of September 30, 2023 consist mainly of accrued expenses consisting of repayments due to third-parties (participation).

Tax and social security liabilities consist mainly of VAT collected and accrued expenses on taxes and various contributions.

All current liabilities are due within one year.

3.13 Other assets and liabilities (non-current and current)

Other current assets relate to prepaid expenses of €1.1 million at 30 September 2023 in respect of expenses incurred on sales not yet recognized (including €0.9 million relating to third-parties participation).

Other current liabilities consist solely of deferred income in respect of invoiced revenues for which the event giving rise to recognition of the corresponding revenue has not occurred by September 30, 2023. Deferred income and contract liabilities are classified as non-current liabilities when they fall due in more than one year. The current portion of deferred income and contract liabilities was €3.6 million at 30 September 2023.

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

<i>(in thousands of euros)</i>	30.09.2023	31.03.2023
Subsidies	-	-
Other deferred income	1 352	1 055
Total deferred income	1 352	1 055
TV rights items	30	1 807
Undelivered international sales	3 799	3 097
Total contract liabilities	3 829	4 904
Total other	5 591	4 216
Total other current and non-current liabilities	10 771	10 174

NOTE 4 - NOTES TO THE CONSOLIDATED INCOME STATEMENT

4.1 Revenues

<i>(in thousands of euros)</i>	30.09.2023	30.09.2022
Production	12 173	11 860
Distribution	270	384
Video	518	464
Miscellaneous	406	457
Sales figures	13 366	13 165
<i>Of which financial support generated (including Cosip)</i>	-	-
<i>Of which revenues generated from exports</i>	7 409	7 795

The EuropaCorp Group's consolidated revenues amounted to €13.4 million, compared to €13.2 million for the first half of the previous fiscal year, an increase of 2%.

“Production” revenues:

International sales amounted to €5.4 million, or around 41% of total sales. They were down by €1.8 million, due in particular to significant royalties received on the films Lucy and Taken 3 on the first half of the previous financial year.

Television & SVOD sales in France and the United States totaled €5.3 million in the first half of 2023/2024, or 40% of revenues. They were up by €1.4 million on the first half 2022/2023, thanks in particular to a significant sale of the film Valerian and the City of a Thousand Planets in the United States.

Revenues from the TV Series business amounted to €0.3 million following statements received for the Taken series, compared with €0.2 million for the same series at September 30, 2022.

The Other activities item generated a total of €1.5 million, compared with €1.1 million in the first half of the previous year. This item comprises income from derivative rights (partnerships, licensing, music publishing, neighboring rights, etc.) and co-productions signed by the Group.

“Distribution” revenues:

Theatrical distribution, marked by the release of Dogman by Luc Besson on September 27, 2023, recorded revenues of €0.3 million, taking into account only the first weekend of admissions. By the end of November, the film has sold almost 300,000 tickets in France.

“Video” revenues:

Revenues from Video & VOD stood at €0.5 million in France and the United States, unchanged from the previous year, and mainly concerned VOD receipts in France.

In general, the Group points out that its revenues are linked to the release schedule of its films under different modes of exploitation, the timing of which may lead to significant variations in revenues per channel from one half-year to the next. Revenues and earnings for a given half-year are therefore not indicative of annual revenues and earnings.

4.2 Operating margin

Due to the presence of line-up films with higher distribution and amortization costs than catalog films, and the limited number of tickets sold in France for Dogman, released on September 27 (only the first weekend

of release is recorded in the first half), the operating margin fell to 28%, from €6.7 million in the first half of the previous year, to €3.7 million.

4.3 Overhead expenses

Overhead costs came to €(4.9) million for the six months ended September 30, 2023, a significant improvement on the previous year's first-half level of €(6.5) million. This is due to various savings, notably on rental charges following the relocation of the Group's headquarters from the Cité du Cinéma to Paris, and on banking and advisory fees.

4.4 Other operating income and expenses

<i>(in thousands of euros)</i>	30.09.2023	30.09.2022
Sale of Digital Factory	2 424	(261)
Other	(93)	98
Other operating income and expenses	2 331	(163)

Other operating income and expenses totaled €2.3 million, mainly due to exceptional restructuring items, compared with €(0.2) million mainly linked to the sale of Digital Factory in the first half of the previous year.

4.5 Financial result

<i>(in thousands of euros)</i>	30.09.2023	30.09.2022
Financial result of net indebtedness	(1 579)	(1 206)
Other financial income and expenses	531	1 512
Financial result	(1 048)	306

Net financial income of €(1.0) million for the first half of 2023/2024 breaks down as follows:

- €(2.3) million: cost of financial debt linked to Senior debt, spread over 9 years under the Safeguard Plan;
- €0.7 million: interest received from cash investments;
- €0.6 million: positive foreign exchange result due to changes in the €/ \$ exchange rate over the period;
- €(0.1) million: other financial costs, notably the rent expense reclassified as financial interest (IFRS 16).

4.6 Tax

Breakdown of tax expense by type:

<i>(in thousands of euros)</i>	30.09.2023	30.09.2022
Tax payable	(688)	(103)
Deferred tax	712	473
Total tax income / (expense)	24	371

NOTE 5 - OTHER INFORMATION

5.1 Notes to the cash flow statement

Cash flow from operating activities

At 30 September 2023, operating activities generated net cash flow of €8.2 million, the same amount as at 30 September 2022.

Cash flow from investing activities

At 30 September 2023, net cash used in investing activities amounted to €11.2 million, compared with €1.3 million at 30 September 2022. This mainly corresponds to production costs for the film Weekend Escape Project, compared with the co-production of the film Dogman last year.

Cash flows from financing activities

At 30 September 2023, net cash flows from financing activities amounted to €(7.1) million, mainly comprising the repayment of the third instalment under the Safeguard Plan on the main credit facility for €9.1 million, and the associated interest.

5.2 Relations with related companies

Related party agreements have been identified in the Annual Report 2022/2023, published on July 21, 2023, in section 2.13 *Significant Related Party Agreements*.

Apart from those described in the Annual Report, there were no new agreements with related parties during the first half of 2023/2024.

The table below summarizes the flows and balances of transactions with related companies:

<i>(in thousands of euros)</i>	30.09.2023	31.03.2023
Statement of financial position		
Receivables		
Trade receivables and other operating receivables	794	803
Debit balances and other current financial receivables	-	-
Debt	-	-
Other non-current financial liabilities	-	-
Trade payables and other operating liabilities	(6)	(6)
Financial current accounts receivables	-	-
	-	-
Profit and loss statement	-	-
Revenue	6	12
Operating expenses	-	-
Financial expenses	-	-
Financial income	-	-

5.3 Commitments and contingent liabilities

The analysis of the Group's off-balance sheet commitments as of September 30, 2023 is as follows (in thousands of euros):

Commitments received in favor of EuropaCorp (in thousands of euros)	30.09.2023	31.03.2023
Commitments received from customers		
<i>For the film activity</i>	1 273	482
<i>Audiovisual Support Fund</i>	0	0
Financial commitments for leases*	0	376
Total commitments received	1 273	858

* Relating to sub-lease agreements on the Cité du Cinéma's tertiary building.

Commitments given to third parties (in thousands of euros)	30.09.2023	31.03.2023
Total commitments given	0	0

Total Net commitments (received - given)	1 273	858
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Off-balance sheet commitments received in respect of the business mainly arise from the signing of sales contracts for feature films.

5.4 Events after the balance sheet date

N/A

NOTE 6 - OPERATING SEGMENTS & SEGMENT PRESENTATION

6.1 Description of the standard

6.1.1 General context

As part of the application of IFRS 8, the Group is required to provide information that enables "users of its financial statements to evaluate the nature and financial effects of the activities in which it is engaged and the economic environments in which it operates.

The Group has therefore defined its operating segments that meet the criteria of the standard for separate segment reporting.

6.1.2 Definition of operating segments

An operating segment is defined as a component of the company:

- that engages in activities that may result in the receipt of revenues and the incurrence of expenses,
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance,
- for which separate financial information is available.

Accordingly, given the approach adopted by IFRS 8, operating segments have been identified on the basis of internal reporting.

6.2 Identification of the EuropaCorp Group's operating sectors

Performance monitoring within the Group is organized around its activities and businesses.

EuropaCorp Group operates in three distinct business areas which constitute "operating segments" in accordance with the criteria of IFRS 8 and which are detailed as follows:

- Production and distribution of motion pictures:
This sector corresponds to the entirety of the means of exploitation of a cinematographic film, i.e.: theatrical distribution, video broadcasting, television sales, international sales, partnerships and licenses, executive production, co-production revenues...
- Production and distribution of TV movies/series:
This sector covers all means of exploiting television films and series, through EuropaCorp Television, which is 95.2% owned by EuropaCorp.
The length of the production cycles, the means of financing and the components of the margin differ from the "film production and distribution" sector, which justifies the existence of a separate operating sector.
- Other: This sector includes all the ancillary activities not directly linked to the exploitation of cinematographic or television films, namely: literary publishing, various receipts...

6.3 Financial information by operating segment

The methodology used to measure and present the figures for each operating segment complies with the accounting principles and methods described for the preparation of the consolidated financial statements.

6.3.1 Presentation of the consolidated statement of financial position by operating segment

09.30.2023	Production and Distribution of films	Production and Distribution of TV films and series	Other	Non allocated items	Total
Net goodwill	0	0	0		0
Net intangible assets	31 579	2 480	0		34 059
Property, Plant and Equipment (net)	141	0	0		141
Other financial assets (net)	5 984	0	0		5 984
Investments in associates	0	0	0		0
Deferred tax assets	695	0	0		695
Other non-current assets (net)	4 041	0	0		4 041
Total non-current assets	42 440	2 480	0		44 920
Inventory	63	0	0		63
Net trade receivables	17 326	137	1 100		18 563
Other net receivables	4 014	76	1 212		5 302
Other net current assets	1 101	0	0		1 101
Cash and cash equivalent	24 482	17 065	24		41 572
Total current assets	46 985	17 278	2 337		66 599
TOTAL ASSETS	89 425	19 758	2 337		111 519
<i>Equity - Group share</i>				1 129	1 129
<i>Non-controlling interests</i>				411	411
Provisions for pensions and other post-employment benefits	431	0	0		431
Deferred tax liabilities	0	0	0		0
Bonds and financial liabilities > 1 year	3 567	0	0		3 567
Lease liability - long term (> 1 year)	61 939	0	0		61 939
Deposits and guarantees received	102	0	0		102
Equity investment liabilities > 1 year	0	0	0		0
Other non-current liabilities	7 135	0	0		7 135
Total non-current liabilities	73 173	0	0		73 174
Bonds and financial liabilities < 1 year	6 933	0	0		6 933
Lease liability - short term (< 1 year)	530	0	0		530
Provisions for risks and expenses	161	0	0		161
Trade payables	14 808	1 944	2 155		18 907
Equity investment liabilities < 1 year	0	0	0		0
Other financial liabilities	4 697	1 682	259		6 638
Other current liabilities	3 636	0	0		3 636
Total current liabilities	30 765	3 626	2 414		36 805
TOTAL LIABILITIES	103 938	3 627	2 414	1 540	111 519
Films and audiovisual rights investments	11 197				11 197

6.3.2 Presentation of the consolidated income statement by operating segment

09.30.2023	Production and Distribution of films	Production and Distribution of TV films and series	Other	Total
Revenue	12 924	296	146	13 366
Cost of sales	(9 943)	(217)	505	(9 655)
Operating margin	2 981	79	651	3 712
General and administrative expenses	(4 898)	(9)	(31)	(4 939)
Other operating income and expenses	2 331	0	0	2 331
Operating profit (loss)	414	70	620	1 104
Financial income	(1 776)	728	0	(1 048)
Income tax	204	-179	0	24
Share in results of associates consolidated using the equity method	0	0	0	0
Share of non-controlling interests	0	(29)	8	(21)
Net income - Group share	(1 158)	589	628	59