



**iervolino & lady bacardi
entertainment**

Produzioni 100%
di nazionalità italiana
distribuite in tutto il mondo

COMPANY PRESENTATION

Secondary listing on Euronext Growth Paris

18th January, 2022

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Speakers



Andrea Iervolino
Chairman & CEO

+ 15 years of experience as an entrepreneur in the Media & Entertainment industry



Giorgio Paglioni
MD, Finance

+ 40 years of experience in Accounting & Finance as a partner at Ernst & Young



Flavio Marziali
CFO

+ 10 years of experience in Accounting & Finance as an auditor












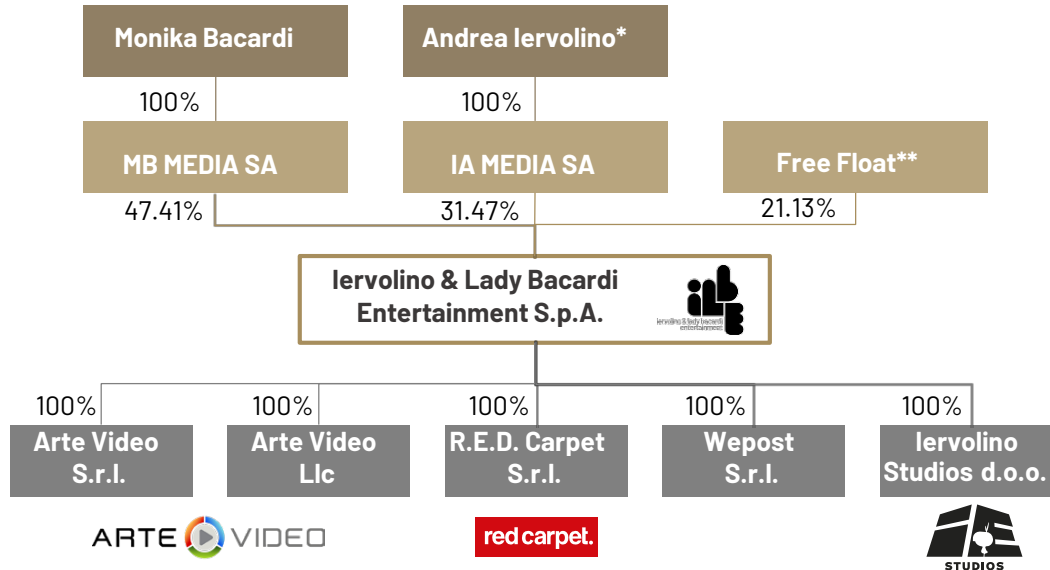
WHO WE ARE

ILBE at a glance

- **Iervolino & Lady Bacardi Entertainment S.p.A. (ILBE)**, formerly Iervolino Entertainment S.p.A., is a global production company established by Andrea Iervolino and Lady Monika Bacardi in 2011 specialized in **cinema and television content production**
- The company, listed on Euronext Growth Milan and Paris, has a **“Hollywood” footprint and strong focus on OTTs contents**. It produces diversified contents for an international audience, focusing on core production phases and IP ownership
- The company also provides services such as **advertising** and **celebrity management**.
- ILBE Group counts approximately **120 permanent employees** plus some independent professional contractors

COMPANIES	ILBE BUSINESS LINES SCOPE	ACTIVITIES	OUTPUTS
  	IP PRODUCTION	Business Development & Negotiation Pre Production, Production, Post Production Delivery	Business Idea, Cast Selection, Sale & Production Agreements IP Asset Movie / Web Series / TV Shows / Web Shows
  	SERVICES PROVISION	IP Asset Valorization Negotiation Service Rendering	Pipeline & Characters Service Agreement Service Rendered
	CELEBRITY MANAGEMENT	Celebrities & Events Exploration Negotiation on Fees Delivery	Celebrity Management Plan Agreement Celebrity Participation to Events

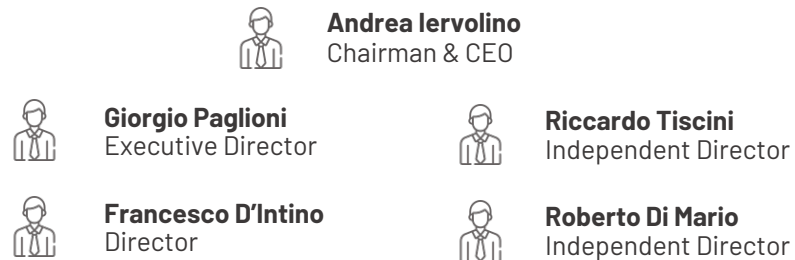
Shareholders & Corporate Governance



(*): Andrea Iervolino owns the control of the company with 57.91% voting rights thanks to multiple-voting shares.

(**): of which 0.24% owned by Andrea Iervolino.

Board of Directors



Group's Structure

IP Productions & Service Provision

- ILBE** mainly focuses on production of Film, TV show, Web show and Service activities to third party producers, coming from IP production processes (the "Pipeline") and IP Characters exploitation.

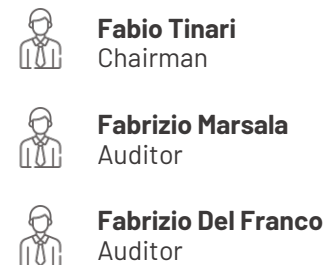
- Iervolino Studios d.o.o.** is a wholly-controlled subsidiary in Serbia focused on the executive production (service) of animation content sold to third party producer.

- Arte Video S.r.l.** is a company active in the high-quality production of video, film, animation and multimedia contents and post productions services. Its services are rendered to both external and intra ILBE Group entities.

Celebrity Management

- Red Carpet S.r.l.** is a reference point at national level in the selection of VIP casting for the main Italian TV shows, as well as in the creation of video contents for TV and web.

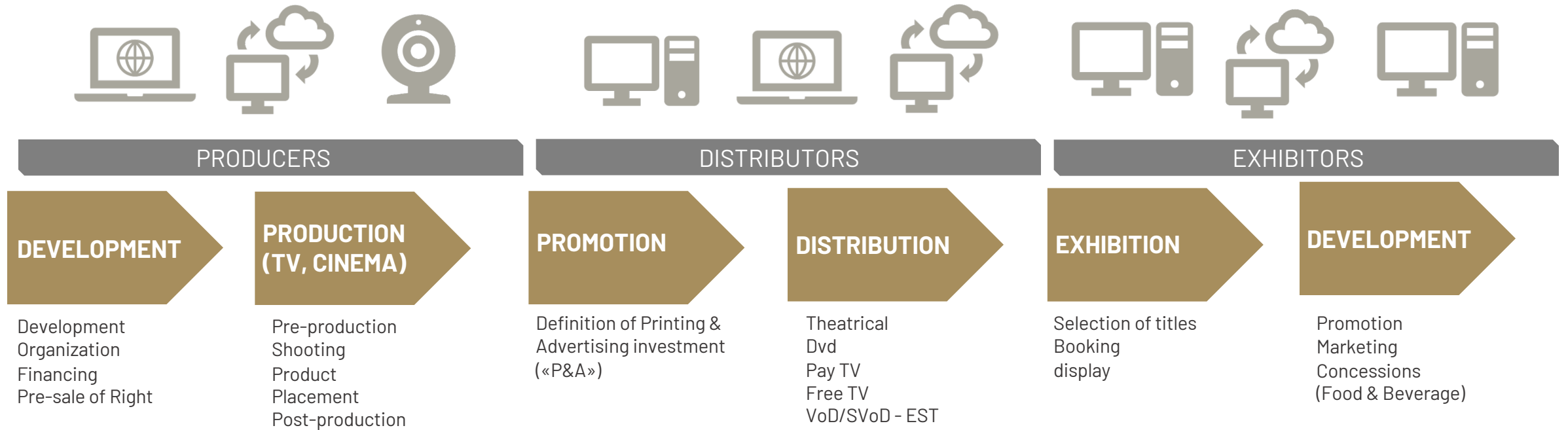
Board of Statutory Auditors



Audit Firm



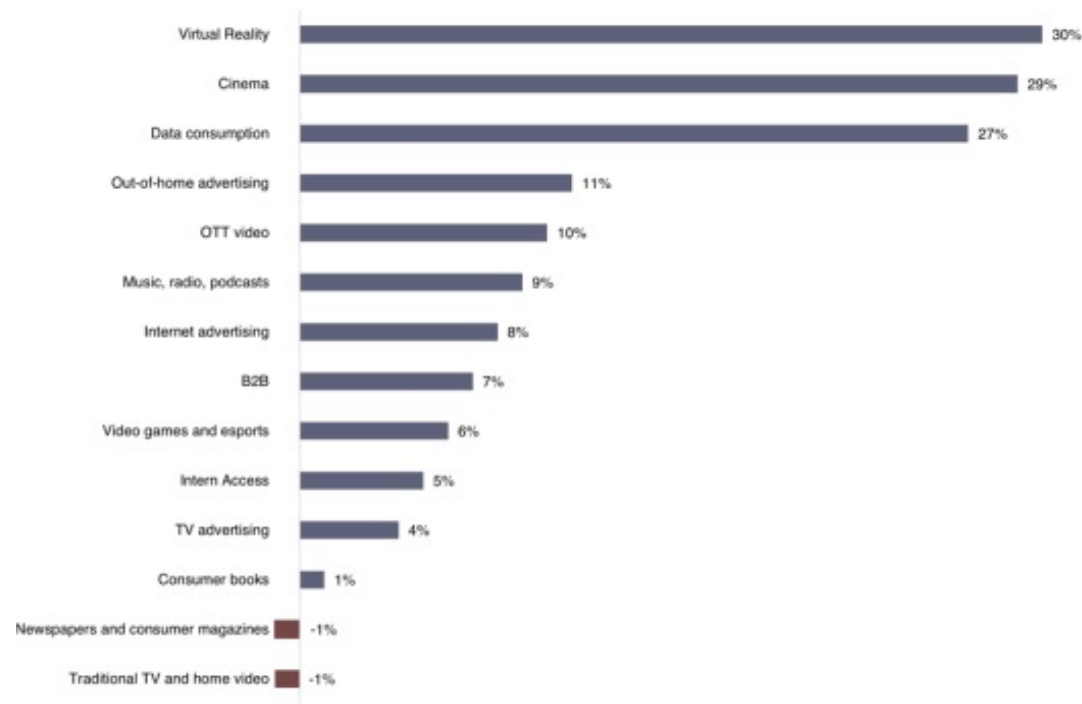
Industry Structure



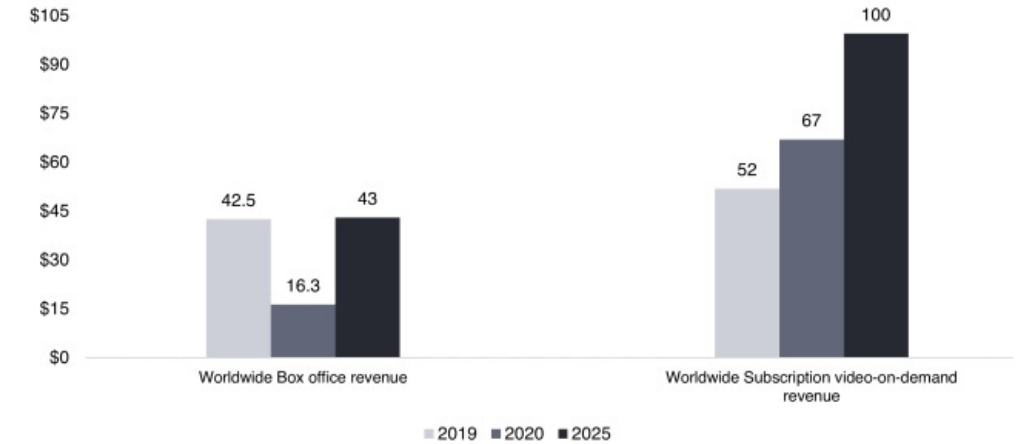
Positive medium term visibility for pure content providers

- Overall demand for video contents remains extremely resilient in most segments, only traditional TV viewership and newspaper appear in secular decline (-1% CAGR 2020-2025);
- Consumer expectations continue to evolve, and technology is transforming the production, delivery and consumption of audiovisual content. Covid crisis as a catalyst in this respect, OTT platforms for video content saw their audience soar;
- The context opens up new growth opportunities for the ILBE Group, whose productions are mainly intended for streaming platforms.

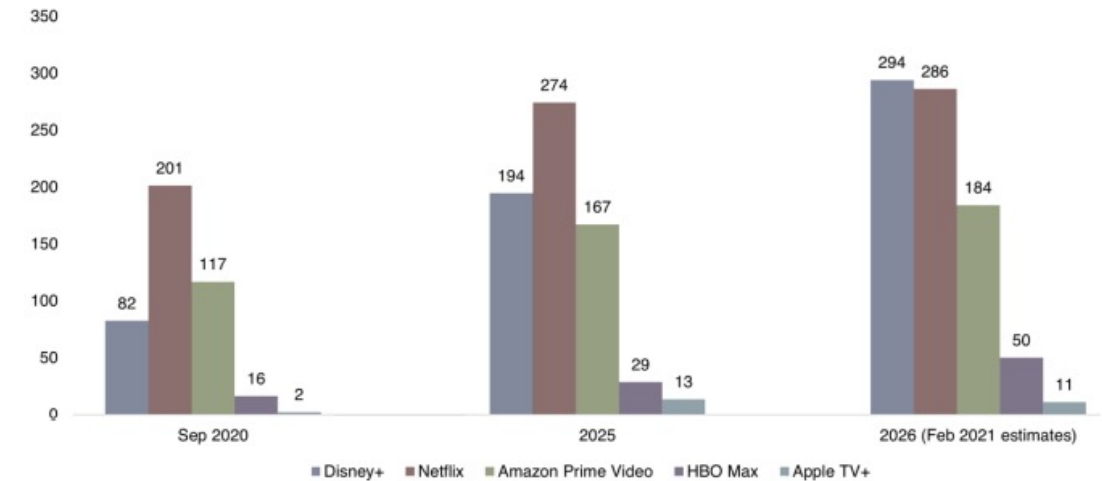
Worldwide market Revenue CAGR 2020-2025 by Sector



Global market SVOD vs BOX OFFICE 2019-2025



Reference market, Main OTT platforms subscribers count worldwide (millions)



Strategy and Strenghts

With a de-risked business model and a rich pipeline of films and animation under production, ILBE is well positioned to expand into foreign markets and continue its profitable growth

ILBE shows a secure business model thanks to a financing scheme typical of content production: it does not directly finance its production activities and retains full control over content rights – It is uniquely positioned to play in the growing media content production industry expected to benefit from even more investment to come from SVOD platforms (subscription video on demand) in a near future in a European market that is now protected by quotas set forth by EU regulation



Assets Improvement:

- Keep on focusing on quality IPs production with the possibility of perpetual exploitation;
- Further realization of International Standing Film Productions and animated Web Series and co-production of films with players of international standing, notably by expanding ILBE's services offering;
- Set to benefit from the rising global demand for audio-visual contents, as it produces contents with international appeal;
- Consolidation of business model.



Sustainable Growth:

- Focus on business growth aimed at creating value for shareholders through: cash generation, increase of productions and services providing.



Market Expansion:

- Generate valuable market growth by attracting new top quality customers and increasing the presence with existing ones;
- Diversify the business model;
- Pursue both organic and external growth.

Secondary listing in France: becoming the first Italian production company with a dual listing in Milan and Paris

Admission to trading by direct listing on Euronext Growth in Paris

The secondary listing shows ILBE's aspiration to attract new investors to participate in the future success of the group, being part of a market that has grown in importance across Europe over the last years. The company is well positioned to benefit from a thriving French media and entertainment industry, by reaching a new investors' community receptive to ILBE business

Listing on Euronext Growth Paris to increase the group's visibility and international reputation. By the admission of its Ordinary Shares on Euronext Growth Paris, ILBE seeks in particular:

- To increase its visibility towards French and international investors and gain access some investors that are especially receptive to Entertainment & Media markets;
- To set foot in the Paris' Entertainment & Media ecosystem to find additional business partners and support the company's external growth development plans;
- To enhance the liquidity of its Ordinary Shares by setting forth a liquidity contract.



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entertainment

KEY INVESTMENT HIGHLIGHTS

Key Investment Highlights



Global production group with high profitability and low risk



Long-term relationships with foreign production and distribution companies, as well as strong connections with international players and actors



“Hollywood” style quality movies



Rich and valuable content library and work in progress



Integrated synergic offer in the entertainment industry



High top line business visibility





Global Production Group with high profitability and low risk

- The pyramid shows the positioning of the principal players of the film **production** and **distribution** market up to the audience. ILBE, as a **"pure" production company**, is positioned at the **top of it**
- Being a global player and a pure production company allows ILBE to **transfer risks** to players lying on the lower stages of the pyramid, while distributors ensure ILBE a minimum non-revocable guaranteed amount (**MG**) and a **backend** (where applicable)



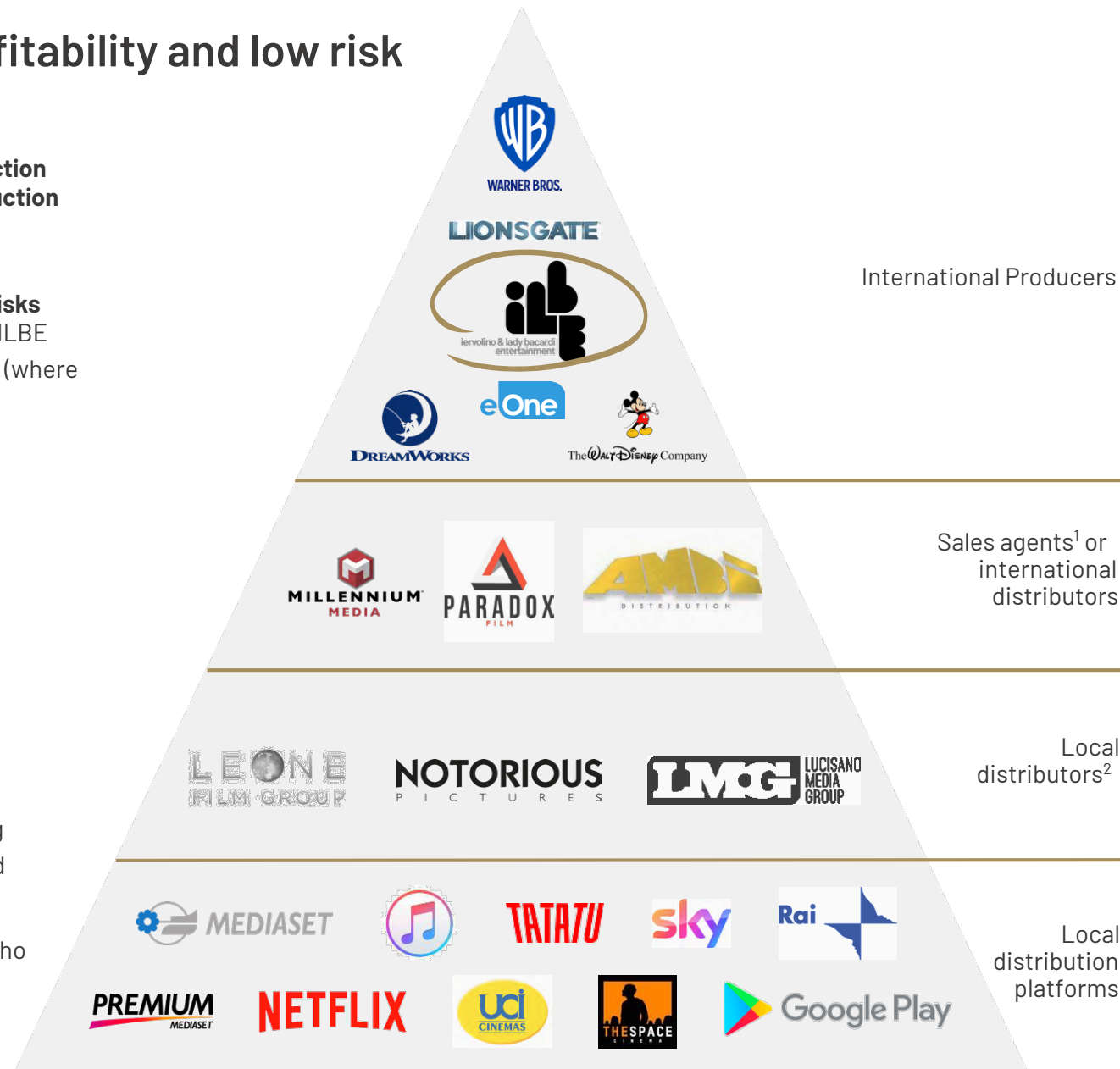
Business model with High Profitability

- ILBE operates on a global scale;
- ILBE holds the Intellectual Property rights of the productions.



Business model with Low Risk

- ILBE focuses on the **core production phases** and Intellectual Property (**IP**) **ownership** and **exploitation**, which means that it does not take care of the distribution and print and advertising phases, leaving most of boxoffice risk to Sales Agents and Distributors.
- The production budget is submitted to a sale agent, who ensures a minimum non-revocable guaranteed amount (**MG**) to the production company.



(1) Sales agents are above all referable to the major Hollywood players.

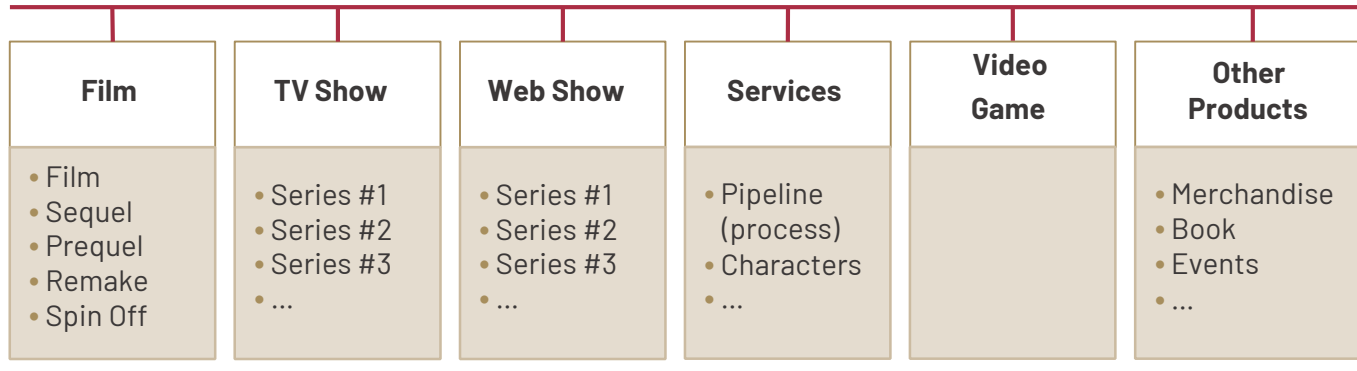
(2) Local distributors of international contents and domestic producers are shown by way of example but not limited to, and relating to the Italian scene. Considering the global market, the average presence is 10 local distributors per country.



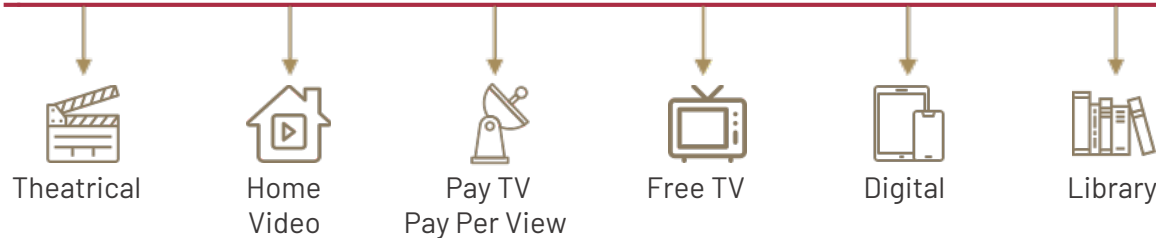
Generation and exploitation of valuable Intellectual Property rights

- ILBE Group **generates** and **exploits IP** of different natures, that are distributed by its customers through different third parties distribution channels in various territories.
- As a production company **ILBE creates, buys and manages IP rights**, that represent the bulk of the Company's revenues.
- When ILBE creates a new movie, web series or short video, that content becomes indefinitely protected by IP right.
- **All the features** linked to a film or a series, such as prequels, sequels, merchandising, books and so on, are a form of exploitation of the same IP right, and generate the so called **"Ancillary Revenues"**.

INTELLECTUAL PROPERTY



Distribution Channels



ILBE'S IP EXPLOITATION





"Hollywood" style quality movies

- Thanks to the appeal of its business model and to a strong relationship network, ILBE is able to attract and collaborate with some of the **best celebrities**

Celebrity	Personal Nominations	Award	Co-Lab with ILBE	Celebrity	Personal Nominations	Award	Co-Lab with ILBE
 Morgan Freeman				 James Franco			
 Alec Baldwin				 Mark Rylance			
 Johnny Depp				 John Cleese			
 John Travolta				 Peter Stormare			





Rich and valuable content library and work in progress

- ILBE's library is composed by **34 movies and series**, of which **10 directly produced** by ILBE.

ILBE's library (own productions)



Arctic Friends



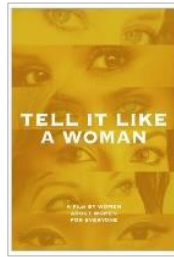
Puffins



The Poison Rose



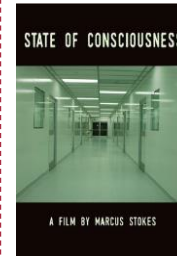
Waiting For The Barbarians



Tell it Like a Woman



Eddie & Sunny



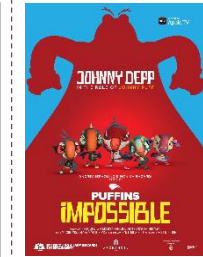
State Of Consciousness



Muti



Dakota



Puffins Impossible



Giving Back Generation (season 2 and 3)

ILBE's work in progress



Actual MG Revenues¹ (€/M)

140.9

56.9

16.5

20.6

9.8

1.6

Animation IPs

Pipeline

IP on processes and working methods for the production of short animated contents.

Characters

Characters of Arctic Justice, Puffins, Puffins Impossible, etc., represent an high valuable IP commonly licensed to be used in third parties productions, typically in the New Format Animation Live Action.



(1) Actual MG Revenues is referred to the 30th of June 2021 data.



Integrated synergic offer in the entertainment industry

red carpet.

Red Carpet: Celebrity Management

- Red Carpet is a consultancy agency active in: celebrity management, VIP casting selection, production of tailor-made TV formats, influencer marketing, event organization, designing of tailor-made communication strategies.
- The Company is a reference point in Italy for national and international stars casting consultancy, thanks to its constant connections and partnerships with top brands, production companies, TV channels and networks, web and digital platforms.



ARTE VIDEO

Arte Video: Service Rendering

- Arte Video offers audio/video encoding, post-production, XML programming and quality control services for online broadcasting and streaming.
- In order to enlarge its production services Arte Video created a department for replication and mastering of CDs, DVDs, Blu-Ray and new generation multimedia supports.
- The Company is Authorized Encoding House of:



Iervolino Studios: IP Production

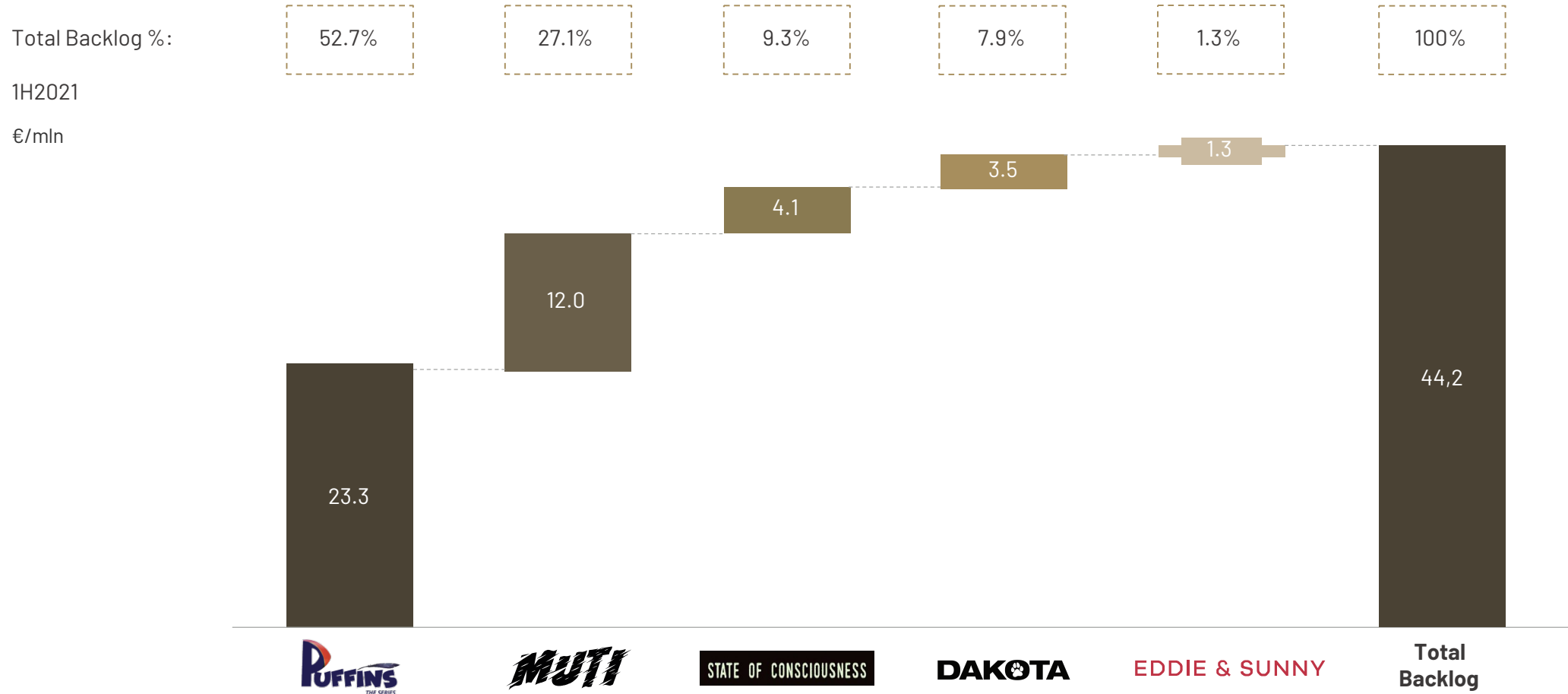
- Iervolino Studios d.o.o. is an animation company based in Serbia, with the main focus on creating high-quality short animated contents for streaming platforms.
- The Company carries out all the phases of the creative process: from the initial idea to the distribution of the animated content all around the world.





High top line business visibility

- At 30th June, 2021, backlog was around €44 million and projects under development of approximately €349 million over the next three years (2022-2024)
- Thanks to web series and other film productions, the company can exploit its backlog in order to have a **continuous revenue flow**
- **ILBE is well positioned to accelerate its international development.**



ILBE continues to grow in third quarter 2021 at Revenues and EBIT level compared to 30 September 2020

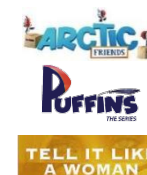
- Revenues of €134 M (+77.0% compared to €75.7 M as at 30 September 2020) as at 30 September 2021
- EBIT before non-recurring net charges: €18.2 M (+6.4% compared to €17.1 M as at 30 September 2020)
- Group's net profit of €13.8 M
- Consolidated NFP of €29.3 M compared to €15.6 M as at 31 December 2020, an increase mainly due to investments in film and audiovisual works in progress
- Shareholders' equity amounted to €80.5 M, up by €13.4 M compared to €67.0 M in 2020
- Growth prospects: a pipe of films and animation under production not yet released:
 - ✓ As of today, ILBE successfully completed three film productions (The Poison Rose, Waiting for the Barbarians and Tell It Like A Woman) as well as 190 episodes of the Web Series Arctic Justice and 129 episodes of the series Puffins;
 - ✓ Pipe of films and animation under production not yet released: State of Consciousness, Dakota, Beautiful Sleeping Babies, Lamborghini, Muti, Puffins: Impossible, The Christmas Witch and Christmas Thieves, Spin me Round;
 - ✓ In addition, ILBE has licensed rights in its library relating to 26 films, which it markets in Italy.

Income Statement 2019-1H2021

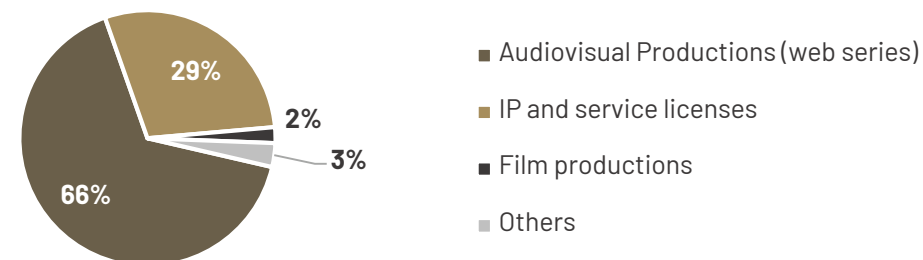
Income Statement (€/M)	FY2019	FY2020	1H2020	1H2021
Sale of Rights	64.2	84.8	40.5	67.3
Services	-	9.3	-	32.8
Backend	-	8.6	8.6	-
Celebrity Management	1.3	0.9	-	2.4
Authoring encoding e digital delivery	-	0.9	0.3	0.5
Advertising	0.7	1.1	1.1	-
Others	0.2	0.8	-	0.2
Value of Production	66.4	106.4	50.5	103.3
Var. YoY %	n.a.	60.2%	n.a.	104.4%
Government Grants (Tax Credit and others)	13.6	14.3	5.0	10.9
Operating Revenues and Income	80.0	120.7	55.5	114.2
Var. YoY %	n.a.	50.9%	n.a.	105.8%
Operating Costs	(4.6)	(8.3)	(1.9)	(6.2)
D&A	(52.8)	(89.6)	(41.6)	(93.0)
EBIT	22.6	22.8	12.0	15.0
EBIT margin (% on Revenues)	28.3%	18.9%	21.6%	13.1%
Financial charges	(0.2)	(0.6)	(0.4)	(1.9)
Others	-	(0.8)	-	-
EBT	22.4	21.4	11.6	13.1
EBT margin (% on Revenues)	28.0%	17.7%	20.9%	11.5%
Taxes	(2.1)	(1.9)	(2.0)	(0.8)
Net Profit	20.3	19.5	9.6	12.3
Net Profit margin (% on Revenues)	25.4%	16.2%	17.3%	10.8%

- **Sales of Rights** are mainly represented by sale of **IP rights**.
- **Service revenue** include revenues from sale of Pipeline (production process), sale of Characters, rendering of production services.
- **Celebrity Management revenues** are the result of the activity carried out by Red Carpet from 2020 (in 2019 by ILBE itself).
- **Authoring encoding e digital delivery revenues** are generated by the activity of Arte Video.
- **Advertising** refers to a BU closed in 1H2020.
- **Operating Costs** are mainly made up of Cost of Services and Personnel Costs; the latter are characterized by a lean structure.
- **D&A** is calculated on a single production basis related to the revenues flow (Individual Film Forecasting Method IFFM). The first amortization is recognized at the delivery date. The remaining is recognized over the following three years.
- The **actual tax** is a result of income taxes after deductions of deferred taxes (DTA).

- **Operating Revenues and Income**, including government grants recognized on an accrual basis with regard to the productions to which they refer, mainly relate to the productions **Arctic Friends** (€ 49.0 M), **Puffins** (€ 26.5 M) and **Tell it Like a Woman** (€ 2.6 M).



Revenues breakdown by activity (1H2021)



Balance Sheet 2019-1H2021

Balance Sheet (€/M)	FY2019	FY2020	1H2021
Fixed Assets	53.1	77.4	84.8
Trade Receivables	20.2	16.8	34.5
Trade Payables	(26.4)	(25.3)	(40.5)
Trade Working Capital	(6.2)	(8.5)	(6.0)
Other Assets/Liabilities	1.6	14.4	27.2
Net Working Capital	(4.6)	5.9	12.5
Funds and other non current liabilities	(0.3)	(0.6)	(0.6)
Net Invested Capital	48.2	82.6	96.7

- **Fixed assets** at 30th June 2021 consists mainly of **intangible assets** (€ 75.5 M vs € 68.1 M at the end of 2020) of which:
 - € 42.3 M of **finished productions**, which also includes the capitalization of the works produced, completed and delivered to the customer;
 - € 24.8 M of **IP and distribution rights**;
 - € 7.9 M of **productions in progress**.
- The increase in intangible assets is mainly referable to the investment in audiovisual works, in particular Arctic Friends for € 54.5 M, Puffins for € 35.3 M, Dakota for € 4.1 M, and State of Consciousness for € 0.2 M.

- At 30th June 2021 **Trade Receivables** are mainly generated by cinema production activities (€ 32.6 M).

Shareholders' Equity	47.7	67.0	79.4
Financial Debts	8.5	23.4	24.1
Cash	(8.0)	(3.5)	(2.3)
Current Financial Assets	-	(4.3)	(4.4)
Net Financial Position	0.5	15.6	17.3
Sources of Funding	48.2	82.6	96.7

- Changes in **Net financial position** are mainly referable to the following financial transactions carried out during the year:
 - Two **medium-term loans** of € 3.0 M each taken out with Banca IFIS and Unicredit, backed by a SACE guarantee to support the existing film productions;
 - The collection of **tax credits** for € 1.0 M and the transfer of tax credits to Intesa SanPaolo for a total of € 5.0 M for partial repayment of medium-term loans.

Net Financial Position 2020-1H2021

- Signed on: 29/5/2020 (backed by FCG)
- Expiring: 2025
- Interest Rate: 4,75% until 30/06/2020
2,5% + Euribor 3M

- Signed on: 15/12/2020 (backed by SACE)
- Expiring: 2025
- Interest Rate: 2,6% + Euribor 3M

- Signed on: 15/07/2020 (Basket Bond)
- Expiring: 2027
- Interest Rate: 4,07%

- Signed on: 29/01/2021 (backed by SACE)
- Expiring: 2023
- Interest Rate: 1,5% + Euribor 3M

- Signed on: 23/03/2021 (backed by SACE)
- Expiring: 2026
- Interest Rate: 3,25% + Euribor 3M

- Signed on: Jul, Aug, Dec 2019
- Expiring: 2023, 2024
- Interest Rate: 5% + Euribor 1M

€ / mln

Long term debts

	31/12/2020	30/06/2021
Banca Progetto	0,7	0,7
Intesa San Paolo	4,1	2,5
Intesa San Paolo	5,5	2,1
Intesa San Paolo	7,8	7,8
Unicredit	-	3,0
Banca Ifis	-	2,7

Short term debts

Banca Progetto	0,3	0,4
Banca Ifis	-	0,3
Credit Facilities	5,0	4,5

NET FINANCIAL DEBT

(Current Financial Assets: Inv. Funds)	(4,3)	(4,4)
(Cash & Cash Equivalent)	(3,5)	(2,3)

NET FINANCIAL POSITION

	31/12/2020	30/06/2021
Long term debts	18,1	18,8
Banca Progetto	0,7	0,7
Intesa San Paolo	4,1	2,5
Intesa San Paolo	5,5	2,1
Intesa San Paolo	7,8	7,8
Unicredit	-	3,0
Banca Ifis	-	2,7
Short term debts	5,3	5,2
Banca Progetto	0,3	0,4
Banca Ifis	-	0,3
Credit Facilities	5,0	4,5
NET FINANCIAL DEBT	23,4	24,0
(Current Financial Assets: Inv. Funds)	(4,3)	(4,4)
(Cash & Cash Equivalent)	(3,5)	(2,3)
NET FINANCIAL POSITION	15,6	17,3



APPENDIX

The business from the Accounting point of view

- Companies operating in the entertainment and media industry, production companies in particular, have some peculiarities in the treatment and representation of some financial statement items.

Revenue Recognition	Capitalization of Production Costs	Amortization of Intangible Assets	Tax Credit Recognition
<p>The different revenues streams related to the content business are, according to consolidated industry practices and IAS guidelines:</p> <ol style="list-style-type: none">1. Sale or license of distribution rights of the Intellectual property through the payment of the "Minimum Guaranteed Amount" must be recognized as revenue at the moment in which the IP Distribution rights are passed to the customer (i.e. the content is accepted by the agent/distributor);2. Ancillary Revenues, revenues from further exploitation of IP through merchandising, spinoffs, books etc., are recognized as they occur;3. So-called "Backend Revenues", a share of the extra profits earned by the Distributor that are owed by contract to the Producer and must be recognized as they occur.	<p>The production costs in the content industry are capitalized, as production leads to an Intellectual Property, not to a "good". These costs can be capitalized and recognized both as "Intangible Assets" as well as "Inventory" according to the different criteria: guidelines suggest that in case of the sale or license of distribution rights only (i.e. when the production company retains the majority of its rights on the IP) expenses should be capitalized as "Intangible Assets" thus falling into the guidelines established by IAS 38 (Work in progress). Production costs that can be capitalized are all those costs directly related to the production of the Intellectual Property, including some direct overhead costs, administrative costs and, if any, related interest expenses.</p>	<p>It represents the amortization of the rights of exploitation of the Intellectual Property stemming from the production or acquisition of movies or other video contents' rights. In the Cinema Industry the rights of movies and series are amortized using the "individual-film-forecast-computation-method".</p> <p>Under this method and in the absence of changes in estimates, an entity amortizes capitalized film costs in a manner that yields a constant rate of profit over the ultimate period, which considers a film's actual current-period revenue and estimated remaining "Ultimate Revenue".</p> <p>"Ultimate Revenue" is an estimate of all revenues expected to be received from the exploitation, exhibition and sale of a film in all markets and territories.</p> <p>Hence, for each period, there is an amortization schedule that follows the predicted percentage of revenues coming from the movie in all forms (so comprehensive of expected royalties, merchandising sales, usage etc.).</p>	<p>The accounting of the Cinema Tax Credits follows the industry common practice that includes them among the other revenues, following the same distribution of the specific costs they refer to, i.e. the amortization of the production costs. As for R&D tax credit they are also included among other revenues in the year they are recognized.</p>



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