



Eros International Plc Reports Fourth Quarter and Fiscal Year End 2020 Results

Eros Now Paying Subscribers Grow 56% Y-o-Y to Reach 29.3 Million

Revenue of \$155.5 Million and Adjusted EBITDA of \$54.8 Million

Previously announced Eros STX merger closing later today

DOUGLAS, Isle of Man – July 30th, 2020: Eros International PLC (NYSE:EROS) (“Eros” or the “Company”), a global Indian entertainment company, today announced audited financial results for the fourth quarter and fiscal year end 2020 and has filed its Form 20-F for the Fiscal Year ended 2020 with the SEC.

The Company made the following statement:

“We reported a solid year-end set of financial results despite the disruption caused by the global COVID-19 pandemic. As a company we have risen to the challenge in these unprecedented times with perseverance, dedication and adaptation to uncharted new market conditions. This year we generated \$155.5 million of top-line revenue and \$54.8 million in adjusted EBITDA, which represents a margin of 35.2%. Our ability to generate a meaningful amount of revenue and adjusted EBITDA despite the impact of COVID-19 highlights the resilience of our business model and inherent demand for premium content.

We want to highlight that we expect that our previously announced merger with STX Entertainment on April 17th, 2020 will be closing later today. The Company will make a separate public announcement announcing details of the transaction closing.

Eros is currently at an inflection point transforming itself into a digital media powerhouse. As we continue to undergo this shift we expect the skew of digital and ancillary revenues to increase relative to our traditional theatrical and TV syndication businesses. The shift to digital will increase the visibility of our earnings as we move towards a more recurring revenue annuity-type business model – higher quality of earnings and more sustainable growth. The recent pandemic crisis has served to accelerate this shift to digital for the media industry as a whole and for Eros Now. While this transition will have an impact on near-term revenues we expect it will increase the premium nature of our content and ultimately increase ARPUs and loyalty of our customers.



Our digital business demonstrated a strong operating and financial performance this quarter, buoyed by increasing digital consumption around the world. As of March 31, 2020 our Eros Now OTT platform reached 29.3 million paid monthly subscribers and 196.8 million registered users, increases of 56% and 27%, respectively, over the same period last year. This represents a net addition of 3.1 million paid subscribers during the fourth quarter alone, and an annual conversion ratio of registered users into paid subscribers of 15% - a meaningful increase over the period last year. Eros Now has seen significant growth rates in user engagement. Consumption from outside India has increased by 47% in Q4 FY 20 post-lockdown as compared to pre-lockdown with US, Singapore, UK, Australia, Canada, Sweden, Japan, and UAE featuring among top 10 countries in terms of consumption. Since lock-down measures were first introduced earlier this year, Eros Now users across the world have watched more full-length movies than ever before illustrating the power of our large library.

During Fiscal Year 2020, Eros Now digitally released a total of 630 films in 12 different Indian languages, over 8,000 music audio and video files, as well as over 500 units of short form and Eros Now Originals and Quickie content. Over the past two fiscal years, we have digitally premiered (first ever digital release) over 65 films on the Eros Now platform, which is a testament to the strength of our platform and breadth and depth of our offering. Eros has a uniquely compelling slate of films and original series scheduled for release over the coming quarters. With compelling global concepts and productions in partnership with the best talent available, we believe that Eros Now's slate of original films and series will appeal to a wide range of audience. Over the next 12 months, Eros Now is planning to launch an exclusive stable of feature films, made-for-digital originals films and original episodic programs, including: *Flesh* by Siddharth Anand; *Halahal* by Zeishan Qadri; *Bhumi* by Pavan Kripalani, *+745* by Sachin Mohite, *Smoke* Season 2, *Avataar*; and a most awaited Season 2 of our well-known series *Metro Park*. We are also scheduled to release more new and compelling Quickie content including: *Date Gone Wrong 3*, *Women of Mettle*, *My Journey* and *The Investigation 2*. Over the past few months, despite the COVID- 19 pandemic, we have released several pieces of original content on the Eros Now platform, *A Viral Wedding*, *Metro Park (Quarantine Edition)*, *Date Gone Wrong (Quarantine Edition)*.

Due to unprecedented factors we have seen the industry landscape alter and adapt as consumer and creator habits are shifting. Eros' foresight will ensure that we are well positioned for this shift as measured by five important criteria:

Brand: Eros as a brand is dominant across the South Asian diaspora worldwide with a 40+ year history. Eros is synonymous with popular films in multiple Indian languages as demonstrated by our consistent and leading box-office market share. This means we are well positioned to continue the shift to digital and d2c (direct-to-consumer)

Breadth (Distribution) : To maximize the reach of Eros Now, we currently have collaborations and partnerships in India and globally with market-leading telecommunications operators, OEMs and digital distribution entities to make available our digital service Eros Now across global audiences. Our partners include, among others, major telecommunications providers such as Airtel, Reliance Jio,



Etisalat, Ooredoo, Vodafone and many more as well as streaming service providers such as Amazon Channels, Apple+ Channels, YouTube, Virgin Media, Roku, Sony TV and a plethora of connected devices. We are the first and only Indian-content OTT service provider to collaborate with Apple on a large scale. In addition, we have a unique and strategic relationship with Microsoft to further develop and create video technology. We believe that the scale of our digital library and the number of partnerships and collaborations with market leaders put us in pole position to take advantage of the increasing demand for digital entertainment content globally.

Build (Production) : Eros has unparalleled global production capabilities augmented by innovative and rich partnerships with leading producers and platforms. Eros's recent strategic collaboration with Epic Games (producers of Fortnite) will allow us to use Epic's Unreal Engine across the production slate, paving the way for real-time technology throughout Indian entertainment. While impacted by the COVID-19 disruption, our production team was still able to release three originals during the peak of the pandemic – which demonstrates the determination and innovation of our production platform. Our ground-breaking commercial partnership with Microsoft will help us achieve our goal of transforming the content streaming experience for consumers globally.

Backlist (Library) : Eros has a deep and rich library, with over 12,000 digital titles, that gives us critical mass and the ability to monetize through multiple channels around the world as stay-at-home media consumption is increasing. Our library size is a key differentiator for us as we compete against other local and international players who are more reliant on licensing content and therefore more exposed to content cost fluctuations. Our library also makes content and platform partnering opportunities more attractive for other media players especially in the current environment where the need for premium content is only getting stronger. Eros Now, for which the majority of the content library is our own existing content, has also started considering innovative ways of updating its existing content library. Given the rise in demand for content and increasing online viewership, existing content is expected to become only more valuable in the future, which will benefit us.

Balance Sheet : We remain well-capitalized with a healthy balance sheet and no near term debt maturities that cannot be addressed. As our business model continues the shift to digital our balance sheet will be bolstered by higher-margin recurring revenues which will enable us to fund content opportunities on an opportunistic basis.

These five pillars, and the depth within each, form an integral part of our go-forward future strategy to create a strong consumer brand with recurring revenue cycles through our Eros Now platform.

Favourable structural and demographic tailwinds across India as well as watch-at-home consumption patterns underpin the Eros Now growth trajectory and will help us surpass our target of 50 million monthly paying subscribers by 2022. A recent Cisco Annual Internet Report predicts that there will be over 907 million internet users and 966 million mobile users in India by 2023. Importantly, these figures imply penetration levels at 65%-70% of the population which still leaves room for future growth which may be accelerated by current entertainment shifts. Rural India will generate the highest



levels of user growth over the coming years as broadband adoption grows and infrastructure improves. This underpins our business strategy as we are focused on reaching a broad base of consumers with the widest possible offering aiming to appeal to a multitude of regional cultures, languages and tastes. Now more than ever our innovative partnerships with local distribution, marketing and payment partners put us in a great position to capitalise on the growth in rural India.

In addition, content shortages will push consumers to start watching content outside of their preferred language – this is a trend we have observed with the recent Academy Award winning film *Parasite*, and Netflix has succeeded with titles such as *Narcos* and *Money Heist*. Our premium stables of originals and movies will benefit from these tastes and changes which are accelerating in the current environment.

During the period we had several theatrical film releases scheduled in India and overseas, namely ‘*Haathi Mere Saathi*’ in three languages (Hindi, Tamil and Telugu), ‘*Shokuner Lobh*’ (Bengali), amongst others. Given the present circumstances of the COVID-19 pandemic, we have taken the decision to defer the release of these films so that the revenue opportunities from these films can be maximized and improve our cashflows to better serve our commitments to our stakeholders.

We recorded a non-cash impairment loss of \$431.2 million on our P&L for Fiscal Year 2020. The impairment charge was taken as per IAS 36 under IFRS accounting rules which require companies to re-assess the carrying book value of assets both on a regular annual basis and also in the case of irregular events. We believe this is a conservative and prudent action in light of market events, and does not materially impact the long-term business or operations of the company, as it is driven by compliance with accounting standards. In addition, to the extent that in future periods there is a material positive change in the same underlying business conditions, we will be able to write-up the value of assets according to the same accounting standards.”

Conference Call

The Company will host a conference call on Thursday, July 30th, 2020, at 9:00 AM Eastern Standard Time.

To access the call please dial +1 (888) 771-4371 from the United States, or +1 (847) 585-4405 from outside the U.S. The conference call I.D. number is 49868032. Participants should dial in 5 to 10 minutes before the scheduled time.

The call will be available as a live webcast, which can be accessed at [Eros’ Investor Relations website](#).

About Eros International Plc



Eros International Plc (NYSE: EROS) a Global Indian Entertainment company that acquires, co-produces and distributes Indian films across all available formats such as cinema, television and digital new media. Eros International Plc was the first Indian media company to list on the New York Stock Exchange. Eros International has experience of over three decades in establishing a global platform for Indian cinema. The Company has an extensive and growing movie library comprising of over 3,000 films, which include Hindi, Tamil, and other regional language films. The Company also owns the rapidly growing OTT platform Eros Now which has rights to over 12,000 films across Hindi and regional languages. For further information, please visit: www.erosplc.com.

This release contains “forward-looking statements.” These statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources, tax assessment orders and future capital expenditures. All of our forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we are expecting, including, without limitation, the factors discussed in our most recent Form 20-F filed with the U.S. Securities and Exchange Commission on July 30th, 2020 (the “20-F”), including under the sections captioned “Risk Factors.” The forward-looking statements contained in this presentation are based on historical performance and management’s current plans, estimates and expectations in light of information currently available to us and are subject to uncertainty and changes in circumstances. There can be no assurance that future developments affecting us will be those that we have anticipated. Actual results may differ materially from these expectations due to changes in global, regional or local political, economic, business, competitive, market, regulatory and other factors, many of which are beyond our control, as well as the other factors described in the 20-F under the sections captioned “Risk Factors.”

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