



## PRESS RELEASE

### **NOTORIOUS PICTURES: Profitability up significantly as at 30 June 2017. EBITDA equal to EUR 3.8 million (EBITDA margin at 41%). The BoD approves the proposal to renew the buy-back plan.**

- **Revenues equal to EUR 9.1 million (EUR 13.4 Million as at 30 June 2016)**
- **EBITDA equal to EUR 3.8 million, with an EBITDA margin of 41.5% (EUR 3.0 million as at 30 June 2016 with an EBITDA margin of 22.6%)**
- **EBIT equal to EUR 1.6 million, +52.2% (EUR 1.0 million as at 30 June 2016)**
- **Net Profit equal to EUR 1.2 million, +6.3% (EUR 1.1 million as at 30 June 2016)**
- **Net financial liquidity equal to EUR 3.3 million (EUR 3.8 million at 31 December 2016).**
- **Proposal to renew the buy-back plan approved**

Milan, Italy, 28 September 2017

The Board of Directors of **Notorious Pictures**, a company listed on the AIM Italia market, organised and managed by Borsa Italiana (Italian stock exchange company), involved in the production, acquisition and marketing of film rights (full rights) via all the distribution channels (cinema, home video, tv, new media), as of today's date approved the interim financial report as at 30 June 2017.

**Guglielmo Marchetti**, Chairman and CEO of Notorious Pictures thus commented:

*"We are satisfied with the sharp recovery in profitability with an EBITDA margin standing at 41%, a level in line with that for 2015, despite the presence of investments made for the Italian and international production of new films such as "Il Contagio" and "Palato assoluto". At the same time, the development of the New Media channels continued satisfactorily, thanks to the important agreements which the Company is entering into with the leading players of a sector which presents ample prospects for development both at global level and in Italy where in 2016 it grew by more than 50%. It is envisaged in particular that the internet video sector will exceed the traditional home video segment already in 2019, with significant growth of more than 11% a year at global level".*

#### **Main economic-financial results as at 30 June 2017**

The **revenues** for the period ended as at 30 June 2017 amounted to EUR 9.1 million (EUR 13.4 million as at 30 June 2016): excluding revenues from executive production, which as at 30 June 2016 came to EUR

**Notorious Pictures S.p.a.**

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4.1 million, the revenues as at 30 June 2017 were essentially in line with the first half of the previous year.

Theatrical revenues fell from EUR 2.8 million to EUR 1.5 million, mainly due to the postponement of the release of a number of films, such as "Amityville", "Un sacchetto di biglie" and "War with granpa", whose releases are envisaged in the second half of 2017 and the first quarter of 2018.

TV revenues came to EUR 5.4 million, up compared with 30 June 2016 (EUR 5.3 million), thanks to the continuation of the long-term agreements with the leading Pay TV and Free TV operators.

New Media revenues, amounting to EUR 1.1 million, increased significantly with respect to the EUR 0.08 million as at 30 June 2016 and confirm the growth in importance of this channel, also confirming the trend registered in the second half of 2016.

**EBITDA** amounted to EUR 3.8 million, up 25.1% from EUR 3.0 million at 30 June 2016; the EBITDA margin grew significantly to 41.5% (22.6% at 30 June 2016) due to the revenue mix having a greater weight from business lines with higher margins. Excluding the revenues and costs of the executive production activities, EBITDA would have come to 42.6% in the first half of 2017 compared with 30.6% in the first half of 2016.

**EBIT** amounted to EUR 1.6 million, up 52.2% from EUR 1.1 million at 30 June 2016, with sharp growth in the margins on revenues, which passed from 7.8% [9.3% excluding executive production activities] to 17.4% as at 30 June 2017.

**Net profit** was EUR 1.2 million, up 6.3% from EUR 1.1 million in the first half of 2016, rising as a percentage of revenues from 8.2% to 12.7% as at 30 June 2017.

As at 30 June 2017, the Company recorded **net financial liquidity (net cash)** of EUR 3.3 million (EUR 3.8 million at 31 December 2016) after paying dividends totalling Euro 1.2 million in May 2017 and investing to acquire films for EUR 3.1 million, of which EUR 2 million for advances on films that will be released in the second half of 2017 and 2018, and EUR 1.1 million in relation to films which came out in the first half of 2017.

Shareholders' equity at 30 June 2017 came to EUR 20.7 million, in line with 31 December 2016.

### **Main events in the first half of 2017**

20 February 2017 - Acquisition of 6 new films at the Berlin Festival.

11 April 2017 - 12-month agreement with Vodafone Italia for the non-exclusive sale of SVOD (subscription video on demand) rights to 58 films that will be available on Vodafone TV.

24-29 May 2017 - Acquisition of 8 new films at the Cannes Festival.

5 June 2017 - Signing of a co-production agreement with Kimera Film announced, for the film "Il Contagio (Tainted Souls)" based on the novel by Walter Siti.

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### **Significant events after the end of the interim period**

4 July 2017 - 13 films purchased from LakeShore Entertainment.

5 July 2017 - Ambra Angiolini wins "CineCiak d'Oro" with "La Verità Vi Spiego sull'Amore".

13 July 2017 - Notorious Pictures qualifies as Innovative SME

24 July 2017 - Italo-Brazilian co-production of "Palato Assoluto" launched.

28 July 2017 - Notorious Pictures announces its presence at the 74th Venice Film Festival with the films "Il Contagio (Tainted Souls)" and "Pablo Escobar".

2 August 2017 - Notorious Pictures announces the signing of a new agreement with Sky worth EUR 3.4 million for the television distribution of 44 films in its library.

3 August 2017 - TIM and Notorious Pictures announce an agreement to broadcast 70 films on TIMVISION.

### **Management outlook**

Management intends to continue with the investments both for the enhancement of the library to be assigned by way of priority to television and new media (EST, VOD and SVOD) sales, and within the sphere of the productions and co-productions by signing new commercial agreements with independent Italian and foreign operators. A further 9 film releases are expected in the second half of the year, for a total of 17 released films for the whole of 2017.

### **Proposal to the shareholders' meeting to renew the buy-back plan**

The Board of Directors also approved the authorisation to renew the plan relating to the purchase and sale of own shares, which expired in July 2017, with the aim of:

1. endowing itself with a portfolio of securities to be used as payment within the sphere of extraordinary transactions, including exchanges of equity investments with other parties as part of transactions of strategic interest for Notorious Pictures;
2. fulfilling obligations deriving from any share incentive plans for Notorious Pictures' directors, employees and collaborators, which include the assignment of purchase options or free allocation of shares;
3. carrying out, in compliance with governing regulations, the activities supporting the share's liquidity on the market and the stabilisation of trading prices, maintaining equal treatment of shareholders.

When proposing the renewal of the buy-back plan, the Board however confirmed the objective of expanding the free float, also for the purpose of requesting admittance to listing on the MTA market. The main features of the buy-back programme proposed are the following: duration of 18 months as from the date of approval of the resolution by the shareholders' meeting; purchase/sale of one or more tranches, exercisable at any time, with purchase transactions up to the maximum permitted in pursuance of Article 2357.1 of the Italian Civil Code, or within the limits of the distributable profits and the available reserves emerging from the last set of approved financial statements; faculty to subsequently dispose of treasury

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shares, even before having reached the maximum quantity that can be bought, and possibly repurchase shares to the extent that the treasury shares held by the company do not exceed the limit set by Article 2357 *ter*, paragraph 1, of the Italian Civil Code

The purchase transactions will be carried out on the market in accordance with Article 144 *bis*, letter b) of the Consob Regulation, in observance of the matters established by Article 132 of Italian Legislative Decree No. 58 dated 24 February 1998 and the market practices acknowledged by Consob. Each individual purchase transaction will have to be carried out on the basis of the price conditions established by Article 5.1 of the (EC) Regulation No. 2273/2003 dated 22 December 2003: the issuer will not be able to purchase shares at a price higher than the price of the last independent transaction or the price of the highest current independent offer on the market, whichever is the higher.

The sale of the shares may be implemented in accordance with the formalities deemed most appropriate in the interests of the Company and will have to take place in observance of the applicable legislation and the permitted market practices. The conveyance of treasury shares in cash cannot be carried out at a price lower than 90% of the weighted average purchase price and in any event at a value lower than the lowest of the purchase prices.

As of the date of this press release, the Company holds 231,200 treasury shares. Notorious Pictures' share capital amounts to EUR 562,287, represented by 22,491,480 ordinary shares lacking par value.

The Board of Directors granted the Chairman and Chief Executive Officer Guglielmo Marchetti mandate to call the shareholders' meeting so as to resolve on the treasury shares purchase plan, on 8 November 2017, and if necessary in second calling, on 9 November 2017.

*The Interim Financial Report as at 30 June 2017 will be made available to the general public on the Company website [www.notoriouspictures.it](http://www.notoriouspictures.it), in the Investor Relations section, by the deadlines envisaged by current regulations. It is hereby specified that the accounts audit activities limited to the data contained in the Interim Financial Report and the attached schedules are still being completed.*

**Notorious Pictures**, an independent company established in July 2012 with headquarters in Rome, operates in the production, acquisition and marketing of Film Rights (full rights) via all the distribution channels (cinema, home video, pay tv and free tv, new media). In 2016, the Company - on the basis of the financial information stated in accordance with the IAS/IFRS accounting standards, reported revenues for EUR 23 million, an EBITDA margin of 29% and net profit totalling EUR 2.8 million. Notorious Pictures has been an Innovative SME since July 2017.

**For further information:**

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**Enclosed:**

- Income statement as at 30 June 2017
- Statement of financial position as at 30 June 2017
- Net Financial Position as at 30 June 2017
- Cash flow statement as at 30 June 2017

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## INCOME STATEMENT AS AT 30 JUNE 2017

Dati Economici	I° Sem.2017	I° Sem.2016	Variazione	%
Ricavi	9.143.329	13.403.678	(4.260.349)	-31,78%
Costi operativi	4.825.277	9.601.048	(4.775.771)	-49,74%
<b>Valore Aggiunto</b>	<b>4.318.052</b>	<b>3.802.630</b>	<b>515.422</b>	<b>13,55%</b>
<i>valore aggiunto %</i>	<i>47,2%</i>	<i>28,4%</i>		
Costo del personale	523.473	770.042	(246.570)	-32,02%
<b>EBITDA - MOL Margine Operativo Lordo</b>	<b>3.794.580</b>	<b>3.032.588</b>	<b>761.992</b>	<b>25,13%</b>
<i>ebitda %</i>	<i>41,5%</i>	<i>22,6%</i>		
Ammortamenti e Accantonamenti	2.199.161	1.984.027	215.134	10,84%
<b>EBIT - Risultato operativo</b>	<b>1.595.419</b>	<b>1.048.560</b>	<b>546.858</b>	<b>52,15%</b>
<i>ebit %</i>	<i>17,4%</i>	<i>7,8%</i>		
Oneri finanziari netti	(47.890)	(3.406)	(44.484)	1306,05%
<b>Risultato pre - tax</b>	<b>1.547.529</b>	<b>1.045.154</b>	<b>502.374</b>	<b>48,07%</b>
Imposte	(386.128)	47.796	(433.924)	-907,86%
<b>Risultato netto periodo</b>	<b>1.161.401</b>	<b>1.092.951</b>	<b>68.450</b>	<b>6,26%</b>
<i>risultato %</i>	<i>12,7%</i>	<i>8,2%</i>		
<b>EPS</b>	<b>0,05</b>	<b>0,05</b>		

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## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

Dati Patrimoniali	30/06/17	31/12/16	Variazione	%
<b>Immobilizzazioni</b>	<b>11.851.394</b>	<b>10.929.424</b>	<b>921.970</b>	<b>8%</b>
Attività di esercizio	17.483.871	17.979.534		
Passività di esercizio	6.556.122	6.684.358		
<b>Capitale Circolante Netto</b>	<b>10.927.749</b>	<b>11.295.176</b>	<b>(367.428)</b>	<b>-3%</b>
<b>Fondi</b>	<b>5.362.009</b>	<b>5.324.309</b>	<b>37.700</b>	<b>1%</b>
<b>Capitale Investito netto</b>	<b>17.417.134</b>	<b>16.900.291</b>	<b>516.843</b>	<b>3%</b>
<b>Posizione Finanziaria netta</b>	<b>(3.303.320)</b>	<b>(3.848.561)</b>	<b>545.241</b>	<b>-14%</b>
<b>Patrimonio Netto</b>	<b>20.720.454</b>	<b>20.748.852</b>	<b>(28.398)</b>	<b>0%</b>

Indici di struttura	30/06/17	31/12/16
Margine primario di struttura (PN-Immobilizzazioni)	8.869.060	9.819.428
quoziente primario di struttura	175%	190%
Margine secondario di struttura (Margine primario + Fondi)	14.231.069	15.143.737
quoziente secondario di struttura	220%	239%
Liquidità primaria	314%	324%
Liquidità secondaria	317%	327%

Posizione Finanziaria Netta	30/06/17	31/12/16	Variazione	%
Liquidità	3.303.320	3.848.561	(545.241)	-14%
<b>Posizione finanziaria netta</b>	<b>(3.303.320)</b>	<b>(3.848.561)</b>	<b>545.241</b>	<b>-14%</b>

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## CASHFLOW STATEMENT AS AT 30 JUNE 2017

<b>Rendiconto Finanziario</b>	<b>30/06/17</b>	<b>30/06/16</b>
A. Disponibilità liquide iniziali	3.848.561	6.354.774
B. Flusso finanziario della gestione reddituale	3.753.459	2.979.573
C. Flusso finanziario dell'attività di investimento	(3.121.131)	(2.240.213)
D. Flusso finanziario dell'attività finanziaria	(1.177.569)	(1.820.874)
E. Incremento (decremento) netto delle disponibilità liquide	(545.242)	(1.081.514)
F. Disponibilità liquide finali	3.303.320	5.273.261

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