



PRESS RELEASE

NOTORIOUS PICTURES: REVENUE € 21.3 M (+133%) AND EBITDA € 8.0 M (+110%), PROFIT € 3.0 MILLION AS AT 30 JUNE 2018

- **Revenue € 21.3 mln, +133% (€ 9.1 mln as at 30 June 2017)**
- **EBITDA € 8.0 mln, +110% (€ 3.8 mln as at 30 June 2017)**
- **EBIT € 3.4 mln, +114% (€ 1.6 mln as at 30 June 2017)**
- **Net Profit € 3.0 mln, +160% (€ 1.2 mln million as at 30 June 2017)**
- **Positive Net Financial Position (net cash) € 5.1 mln (€ 6.2 million as at 31 December 2017)**

Milan, 17 September 2018

The Board of Directors of **Notorious Pictures**, a company listed on the AIM Italia market, organised and managed by Borsa Italiana, operating in the entertainment sector for the production, acquisition and marketing of film rights (full rights) through all distribution channels (cinema, home video, TV, new media), approved today the half-yearly financial report as at 30 June 2018.

Guglielmo Marchetti, Chairman and Chief Executive Officer of the Company, said:

"The result for the first half year is perfectly in line with the company's expectations and accurately reflects the path of structural growth that the company has planned since its establishment. In the last three years, we started a new phase of systematic development of new business areas such as the marketing of audio-visual content on the digital and television channel and international executive production, which today represent fully-fledged business lines. At the same time, we continued to consolidate core activities, such as the distribution and production of films mainly for film exploitation. The mix of these activities, together with other activities that the company is implementing, including the production of television series, definitively transformed Notorious from a distribution company to a Digital Media Company."

Main economic and financial results as at 30 June 2018

Revenue amounted to € 21.3 million, up by 133.2% compared to 30 June 2017 (€ 9.1 million). The positive change is mainly due, on the one hand, to the box office performance of the films distributed to the cinema during the period, which determined the growth of Theatrical revenue and had a proportional impact on Free TV and Pay TV revenue, and, on the other hand, to the revenue generated by the strong growth of international executive production. The most successful films of the half-year include "Belle & Sebastien - Friends forever" and "Escobar - The charm of evil".



Gross operating profit (EBITDA) amounted to € 8.0 million, up by 109.7% compared to € 3.8 million as at 30 June 2017, the EBITDA margin was 37.3% (41.5% as at 30 June 2017).

The lower personnel cost as at 30 June 2017 compared to 30 June 2018 was affected by the capitalisation of internal personnel costs, directly attributable to the production of the film "La verità vi spiego sull'amore" (The Truth About Love is ...) which took place during the year 2017.

The **operating result (EBIT)** amounted to € 3.4 million, up by 113.5% compared to € 1.5 million as at 30 June 2017, with an impact on revenues that goes from 17.4% in 2017 to 16% in 2018.

The higher amortisation/depreciation for the period is due to the growth in turnover in the half-year and to an update of the multi-year revenue plans for the entire library.

Net profit amounted to € 3 million, up by 160.2% compared to € 1.2 million in the first half of 2017, with an impact on revenues of 14.2%.

The Company has a **negative net financial position** (net cash) of € 5.1 million (€ 6.2 million as at 31 December 2017) after having paid, in May 2018, dividends for a total of € 1.2 million and made investments aimed at enriching the Library with the acquisition of film works of € 2.6 million.

Shareholders' equity amounted to € 22.6 million (€ 21.0 million as at 31 December 2017), confirming the company's strength.

The Notorious Pictures **library** consists of 790 titles - temporarily granted - plus 7 owned production and associated production films. During the first half of 2018, Notorious Pictures distributed 8 films in cinemas, generating a Box Office of € 9,570,907, with a total of 1,557,807 admissions (Source: Cinetel). In the second half of 2018, 12 films are expected to be released, including a documentary.

Main events of the first half of 2018

Film Library Acquisitions and Distribution

Notorious Pictures actively participated in the world's leading film markets and festivals: in March, it acquired 4 new films at the European Film Market in Berlin, which allowed it to strengthen its 2019 line up. During the first half of 2018, a library containing around 300 films was purchased, which will increase the sale of DTV rights.

Sales agreements

In May, Notorious Pictures signed and performed an agreement with a well-known international Broadcaster for the granting of Free TV exploitation rights of a library of 32 film works.

In June, the sales agreement with SKY Italia was renewed for the exclusive granting of the rights of films to be distributed in cinemas by Notorious from 1 July 2018 to 30 June 2021. The films purchased by Sky Italia will be broadcast through the Pay per View, Pay TV and Video on Demand channels.

The Company also signed and performed a sales agreement with Mediaset RTI for the exclusive concession of Free TV rights of a package of family films.



Film Production

In the first half of 2018, the associated co-production of the film "Quanto basta", released in cinemas in April, was completed. During May, Notorious Pictures started a new associated production of the film "Non è vero ma ci credo", which will be released in cinemas in October 2018.

Executive Production

The project to diversify the business continued with the strengthening of national production and international co-production activities, which allowed the company to start a solid and lasting growth path. In the first half of 2018, the executive production of the two foreign films "Bent" and "Lamborghini" began.

Significant events after the end of the half-year

6 September 2018: A new sales agreement of € 1.6 million was signed with Sky Italia for the exclusive granting of rights and the television distribution of 22 film works.

25 July 2018: A new co-production of the film "Copperman" with Elio Film and Rai Cinema was started for a total budget of € 2.1 million. The theatrical release is scheduled for 1Q2019.

18 July 2018: An agreement for the executive production of the film "Across the river, into the trees" of € 5.1 million was signed.

10 July 2018: The international co-production of "The Shift" with the Belgian company Tarantula was started with a total Budget of approximately € 3.7 million (60% for Notorious Pictures and 40% for Tarantula).

3 July 2018: A new sales agreement of € 1.9 million was signed with a well-known international broadcaster for the granting of Free TV exploitation rights of 32 film works.

Business outlook

2018 is a year of organisational strengthening and further development of managed businesses. The significant investments made as from the second half of 2017 continued during 2018 in order to start the production and acquisition activities of rights relating to the marketing of Direct to Video (DTV).

The launch of the new "Franceschini" law aimed at the development of the entire film sector also had positive repercussions on the activities of Notorious, as regards the executive production of foreign films shot in Italy, in particular.

The management intends to continue its strategy of integration and growth in the field of co-productions and productions through the signing of new sales agreements with independent Italian and foreign operators. Moreover, investments will continue to be made to enrich the library for the entire distribution chain, with a focus on Broadcast and New Media sales (EST, VOD and SVOD).



The Half-Yearly Financial Report as at 30 June 2018 will be made available to the public on the Company's website www.notoriouspictures.it, in the Investor Relations section, within the time limits provided for by the regulations in force.

This press release is available in the Investors>Financial Press section of the website <http://notoriouspictures.it/>.

Notorious Pictures, an independent company established in July 2012 with headquarters in Rome, listed on the AIM Italia market, organised and managed by Borsa Italiana, operates in the production, acquisition and marketing of Film Rights (full rights) through all distribution channels (cinema, home video, pay TV and free TV, new media). In 2017, the Company recorded revenues of € 18 million, an EBITDA margin of 33% and a net profit of € 1.5 million on the basis of the financial data reported in accordance with IAS/IFRS. Notorious Pictures has been an Innovative SME since July 2017.

For further information:

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Annexes:

- Income Statement as at 30 June 2018
- Statement of financial position as at 30 June 2018
- Net Financial Position as at 30 June 2018
- Cash flow statement as at 30 June 2018



INCOME STATEMENT AS AT 30 June 2018

Income Statement Data	30/06/18	30/06/17	Change	%	
Revenues	21.321.934	9.143.329	12.178.605	133,20%	
Operating costs	(12.337.849)	(4.825.277)	(7.512.572)	155,69%	
Value added	8.984.085	4.318.052	4.666.033	108,06%	
	<i>% value added</i>	<i>42,1%</i>	<i>47,2%</i>		
Personnel costs	(1.027.618)	(523.473)	(504.145)	96,31%	
EBITDA	7.956.467	3.794.580	4.161.887	109,68%	
	<i>% EBITDA</i>	<i>37,3%</i>	<i>41,5%</i>		
Depreciation, amortisation, and provisions	(4.549.595)	(2.199.161)	(2.350.434)	106,88%	
EBIT	3.406.872	1.595.419	1.811.453	113,54%	
	<i>% EBIT</i>	<i>16,0%</i>	<i>17,4%</i>		
Net financial charges	(10.233)	(47.890)	37.657	-78,63%	
Pre-tax profit/(loss)	3.396.639	1.547.529	1.849.109	119,49%	
	Taxes	(374.170)	(386.128)	11.958	-3,10%
Net profit/(loss) for the year	3.022.469	1.161.401	1.861.067	160,24%	
	<i>% profit/(loss)</i>	<i>14,2%</i>	<i>12,7%</i>		
	EPS	0,14	0,05		

STATEMENT OF FINANCIAL POSITION AS AT 30 June 2018

Statement of Financial Position Data	30/06/18	31/12/17	Change	%
Fixed assets	11.881.852	13.839.746	-1.957.894	-14,1%
	Operating assets	20.575.742	13.344.351	
	Operating liabilities	(9.690.533)	(7.218.760)	
Net working capital	10.885.209	6.125.590	4.759.619	77,7%
Provisions	5.332.235	5.164.559	167.676	3,2%
Net invested capital	17.434.827	14.800.778	2.634.049	17,8%
Net financial position	(5.137.658)	(6.218.889)	1.081.231	-17,4%
Shareholders' equity	22.572.485	21.019.667	1.552.818	7,4%

Net Financial Position	30/06/18	31/12/17	Change	%
Cash and cash equivalents	5.137.658	6.218.889	(1.081.231)	-17,4%
Net Financial Position	(5.137.658)	(6.218.889)	1.081.231	-17,4%



CASH FLOW STATEMENT AS AT 30 June 2018

Cash Flow Statement	30/06/18	30/06/17
A. Opening balance - cash and cash equivalents	6.218.889	3.848.561
B. Cash flow from operations	2.978.689	3.765.689
C. Cash flow from investment activities	(2.591.701)	(3.121.131)
D. Revenue flow from financing activities	(1.468.219)	(1.177.569)
E. Net increase (decrease) in cash and cash equivalents	(1.081.231)	(545.241)
F. Closing balance - cash and cash equivalents	5.137.658	3.303.320