



PRESS RELEASE

**ILBE: THE BOARD OF DIRECTORS APPROVES THE
CONSOLIDATED FINANCIAL STATEMENTS AS AT 31
DECEMBER 2021**

**Strong revenue growth to €152.3 million, +26% compared to FY2020
(€120.7 million in FY2020)**

Net profit of €18.4 million, equal to 12% of total revenues

**The Company has no exposure to the Russian, Belarusian or Ukrainian
markets**

- EBIT of €24.4 million (16% of total revenue), +7% compared to 2020 (€22.8 million)
- NFP debt of €29.3 million (€15.6 million as at 31 December 2020)
- Backlog of €152.4 million over three years, of which approximately half relates to activities in 2022
- The Ordinary Shareholders' Meeting for the approval of the financial statements and the appointment of the independent auditor for the three-year period 2022-24 has been convened for 14 April on first call

*Rome, Paris, 24 March 2022 – **ILBE (Iervolino and Lady Bacardi Entertainment)**, a company that produces film and television content (Euronext Growth Milan - IT0005380602 - IE and Euronext Growth Paris - IT0005380602 - ALIE), announces that during its meeting today the Board of Directors approved the Consolidated Financial Report as well as the Draft Financial Statements for the year ended 31 December 2021.*

Andrea Iervolino, president and founder of ILBE, noted: *"We have achieved some remarkable results, which are the result of a number of focused strategic choices. The crucial decision to prioritise long-term growth and value creation over short-term profitability is proving to be right, given that we are managing to prudently combine both while maintaining profitability at a very satisfactory level, especially compared to the industry as a whole. The current unexpected war is a huge tragedy and a source of great dismay and pain. But as far as business is concerned, it is important to note that ILBE has no current or planned exposure to the Russian market. Our customers", explains Iervolino, "continue to reward our insight to invest and focus on innovative formats such as short content, and in the future our productions will be increasingly dedicated to streaming platforms. All this, together with our current order backlog, gives me peace of mind and makes me optimistic about our continued development going forward and the increase in business opportunities to be exploited".*

ILBE S.p.A.
P.IVA/C.F. 11636381003
SDI SUBM70N
S.I.A.E. n° 213846
iervolinoentertainment@pec.it
www.ilbegrup.com



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entertainment**

ILBE S.p.A.

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SDI SUBM70N

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Note: The financial statements are prepared in accordance with IAS/IFRS international accounting standards.

MAIN ECONOMIC AND FINANCIAL DATA

Economic Data (Euro/m)	31/12/2021	31/12/2020	delta	delta %
Revenues	152,3	120,7	31,6	26,2%
EBIT	24,4	22,8	1,6	7,2%
EBIT margin %	16,0%	18,9%	n.a.	-2,8%
EBIT net non-recurring chargers	23,5	22,0	1,5	6,8%
Pre-tax result	20,4	21,4	(1,0)	-4,7%
Net Result for the period	18,4	19,5	(1,1)	-5,6%

Balance Sheet (Euro/m)	31/12/2021	31/12/2020	delta	delta %
Net Working Capital	4,6	5,9	(1,3)	-22,0%
Net invested Capital	114,9	82,7	32,2	39,0%
Shareholder's Equity	85,6	67,0	18,6	27,7%
Debt NFP	(29,3)	(15,6)	(13,7)	87,8%

Revenues and operating income, including government grants recognised on an accrual basis for the productions they pertain to, mainly relate to the productions of *Arctic Friends* (€47.5 million), *Puffins* (€36.3 million) and *Dakota* (€5.1 million).

Revenues from licences for use of the pipeline (processes and methods for the production of animated content) and licences for the use of animated characters amounted to €37.1 million (€6.3 million in the 2020 financial year).

The **EBIT** for FY2021, before non-recurring expenses of €0.9 million, reached €24.4 million, up 7.2% compared to the same period of FY2020. The EBIT as a percentage of revenue was 16.0%, slightly down from the 18.9% of FY2020.

The 2021 financial year closed with a **Group net profit** of €18.4 million, slightly lower than the 2020 financial year (€19.5 million), mainly due to the greater weight of net financial expenses deriving from exchange rate differences on foreign currency contracts.

Net invested capital amounted to €114.9 million, up by €32.2 million compared to the balance as at 31 December 2020. The Group's **net working capital** was positive for €4.6 million, compared to €5.9 million in the previous year. Note that working capital mainly includes the government grants for film productions, whose monetisation will take place starting from the following financial year through the offsetting of other taxes or transfer to authorised intermediaries.

Cash and cash equivalents at 31 December 2021 amounted to €3.2 million, stable compared to the 2020 financial year (€3.5 million). The **total cash flow** balance for the period was negative, although it improved compared to the 2020 financial year (-€0.3 million v -€4.4 million at 31 December 2020).

The **net financial position** at 31 December 2021 showed a debit balance of €29.3



million compared to the balance at 31 December 2020 of €15.7 million, an increase mainly due to some payments for investments in films (the movies *Lamborghini* and *Muti*) in H2 2021 supported by new financing. Note also that the main financial and investment transactions during the period included the issuance of a €10 million medium-term bond maturing in 2028. The resources collected are being used by the Group for the production of films and audiovisual works.

BUSINESS PERFORMANCE

We are witnessing an acceleration and amplification of changes to long-standing practices in the industry, due also in part to the pandemic, including among others the growth of streaming, a decrease in the use of multi-channel television services available via cable or satellite in response to competition from media available on the Internet (so-called cord-cutting), a decrease in cinema ticket sales and an increased attention of media consumers to value for money.

The Group's revenue-generating activities are grouped as follows:

1. Film and audiovisual content production
2. Exploitation of portfolio rights and IP
3. Services: executive production for other producers
4. Post-production
5. Celebrity management and advertising, communication and marketing consultancy offered by the subsidiary R.E.D. Carpet S.r.l., and from next year also by the recently acquired Sobe Sport S.r.l.

1. Productions

During the period the **Arctic Friends** project was concluded, a web series started in 2018 taken from the animated film *Arctic Justice*, produced by Andrea Iervolino. The last 68 episodes were produced and delivered, resulting in revenues totalling €47.4 million (including the relative government grants). Distribution takes place via "Collection" (groupings of four episodes) on the Apple TV and Amazon Prime Video platforms for enjoyment by the public in about 80 nations.

For the animated web series **Puffins the Series**, a spin-off of the animated family film *Arctic Justice*, in 2021 29 episodes were produced and delivered in the animatic version and 59 in the animation version, resulting in the recognition of revenues for a total of €36.3 million (including the relative government grants).

Tell It Like a Woman, an all-female live-action and animation project, is a film composed of 7 15-minute shorts whose revenues from the final segments amounted to €2.6 million (including the relevant government grants).

Dakota, a film directed by Kirk Harris and written by Johnny Harrington, was produced by ILBE, which signed agreements with Universal Pictures and WWPS.TV Corp for the sale of the film's distribution rights, which led to the recognition of revenues for a total of €5.1 million for FY2021 (including the relative government grants).

Following are comments on "**The main projects in production**" concerning the films *State of Consciousness*, *Lamborghini* (executive production) and *Muti*, which generated costs to be capitalised and investments during the period.

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Like all the films covered by the agreement with Paradox, **State of Consciousness** qualifies as an Italian production and therefore subject to the regulations on government grants and the rules on European quotas. The contract is worth at least \$4.8 million of revenues for ILBE, in addition to a share of the film's worldwide box office. The exploitation rights in Italy, however, remain the property of ILBE. The film is scheduled to be completed in 2022. **Lamborghini**: a film that, in addition to the executive production, led to revenues of €2 million, recorded as an agent and therefore net of the related costs, as well as receivables and advances to customers for €1.8 million. ILBE acquired all the distribution rights for the film for €3.6 million, in addition to the €2.1 million net distribution rights for Italy already acquired in previous years. **Muti**: production started on this film starring Oscar-winner Morgan Freeman last August. The project involves an Italian cast and crew for an Italian film destined for the global market. Also important is the agreement with RedBox, a top American company in the industry. As at 31 December 2021 the movie was in post-production.

2. **IP and distribution rights**

The item IP and distribution rights, which includes the capitalisation of costs incurred for the acquisition of distribution rights of films in Italy and abroad and rights related to Intellectual Properties, increased by €14.5 million mainly for the acquisition of rights of the films *The Good Witch of Christmas*, *Christmas Thieves*, *Vote for Santa*, *A Day with Santa*, *Detective Santa* and the aforementioned *Lamborghini* (€3.6 million).

3. **Services**

Services including licences for the exploitation of Intellectual Properties earned revenues of €50.1 million.

Activities in the Republic of Serbia are also included in this grouping. These activities are seeing strong growth due to the increase in the production of both animated episodes and films featuring animated parts. The Group is providing executive production services for the new episodes of the series called *Puffins: Impossible*. The contracts in place relate to the first 54 episodes, completed during the year. With regard to those to be signed under the framework agreement, the pre-production of about 90 episodes was concluded and work on the next 90 episodes began. Consequently, in 2021 the production of the service amounted to approximately €10.8 million.

4. **Post-production**

Film post-production and the service for streaming platforms for video on demand is carried out by the subsidiary Arte Video S.r.l. The streaming video sector, which is in constant development, is characterised by aggregators that rely on Arte Video for the management of film packages, including WarnerBros, RaiCom, Minerva, Koch Media, CG ENT, Sweet Chili Ent, Under The Milky Way and Pathè. The DVD and Blu-ray sector supports several Italian distributors. Some films like *Drive My Car* and *Parasite* (winner of four Oscars) were completely made in the company's studios and produced for DVD, Blu-ray HD Java and Blu-ray UHD Java.

5. **Celebrity management**



The businesses of celebrity management and advertising, communication and marketing consulting are experiencing very positive growth despite the effects of the pandemic thanks to the acquisition of new clients and the emergence of extremely interesting opportunities. Revenues of €4.8 million were achieved in 2021. In fact in this division ILBE consolidated partnerships with its historical customers in media centres and broadcasts (e.g. Mediacom, Mindshare, Fascino, Rai).

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

Acquisition of 60% of Sobe Sport S.r.l.

In February 2022 ILBE signed an agreement for the acquisition of 60% of SoBe Sport S.r.l., a leader in sports communications and marketing for athletes and professional coaches. The agreement provides for cash consideration of €658,000 for a representative share of 31.38% of SOBE Sport's share capital, as well as the assignment to the seller (the company's founder Gian Luca Voulaz) of ILBE ordinary shares for a total value including share premium of €600,000 for a representative share of 28.62% of SOBE Sport's share capital, following an increase in the allocated capital. The number of such shares will be determined based on the official trading price in the period preceding the transaction. The agreement also provides for call and put options respectively for ILBE and the seller for the purchase of the remaining 40% share, for a total value of €1,000,000.

OUTLOOK

At the date of approval of the financial statements, the **contracted production portfolio** (revenues from guaranteed minimums still to be produced) totalled €152.4 million and is spread over three financial years, 2022, 2023 and 2024, with approximately half in 2022 alone. These include the last episodes of the **Puffins** expected to be delivered in H1 2022 for approximately €13.7 million, the production of the film **State of Consciousness** for approximately €3.6 million, the production of the film **Muti** for approximately €12 million and the production of the film **In the Fire** for approximately €3.7 million, expected to be delivered in H2 2022. Furthermore, in early 2022 the Group began production on a new sequel to the animated series **Arctic Friends** and **Puffins** entitled **Baby Puffins & Bunny**. The backlog of the new animated series is €116.8 million, with an almost constant production plan spread over the years 2022, 2023 and 2024.

To this must be added the **projects under development** that the Group will reasonably take on in the next three years 2022-2024 and which amount to an estimated €338 million.

In light of the above, a growth in revenues and capitalised works is expected for the year 2022, while margins will decrease slightly. The new activities will be financed with dedicated loans. In general, net financial debt is expected to drop slightly.

CONVOCATION OF THE ORDINARY SHAREHOLDERS' MEETING

The Board of Directors resolved to convene the Ordinary Shareholders' Meeting for the approval of the Financial Statements as at 31 December 2021 and for the

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appointment of the independent auditor for the three-year period 2022-2024 on 14 April (first call).

At today's meeting the Board of Directors also approved the proposal to allocate the entire year's profit to reserves.

This press release is available on the company's website (www.iervolinoentertainment.it) in the Investor Relations section.

Iervolino and Lady Bacardi Entertainment S.p.A. (ILBE) is a global production company, previously called Iervolino Entertainment (IE), founded by Andrea Iervolino, engaged in the production of cinematographic and television content including mainly films, TV shows and animated web series. The Company also operates through its subsidiaries Arte Video, Red Carpet, IES Serbia and Wepost (formerly Iexchange), and has been listed on the Euronext Growth Milan market since August 2019, and since 12 January 2022 on Euronext Growth Paris as well. In 2020 ILBE recorded revenues of €121 million, EBIT of €23 million and net income of €19 million. www.ilbegrup.com.

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iervolinoentertainment@pec.it

www.ilbegrup.com

For information

Investor Relations

Giorgio Paglioni - Investor Relations Manager

+39 335 6442260

Simona D'Aqostino - IR Advisor

+39 335 7729138

simona.dagostino@hear-ir.com

ir@iervolinoent.com

Euronext Growth Advisor

Milano - Alantra

Alfio Alessi - +39 334 3903007

alfio.alessi@alantra.com

Parigi- Tradition Securities and Futures

Lucien Midot - +33 156 437020

lucien.midot@tsaf-paris.com

Ufficio Stampa

Close to Media

Alberto Selvatico - Nicola Gualielmi

+39 334 6867480

alberto.selvatico@closetomedia.it

nicola.guglielmi@closetomedia.it

Actifin

Marie-Ji-In Pradere - +33 156 881111

mpradere@actifin.fr

Marketing Office ILBE

Edviae De Tommaso

+39 392 9962880

e.detommaso@iervolinoent.com



Attached are the FY 2021 operating performance, reclassified balance sheet, key balance-sheet indicators, key cash-flow-statement indicators, and NFP details.

FY 2021 Operating Performance:

€/000	31/12/2021	31/12/2020	Change	Change%
Revenues	152.319	120.735	31.584	26%
Operating costs	10.601	6.559	4.041	62%
Personnel expenses	3.446	1.730	1.716	99%
Amortisation/depreciation, write-downs and provisions	113.830	89.665	24.164	27%
EBIT	24.442	22.780	1.662	7%
EBIT margin %	16%	19%	n.a	-3%
Non recurring charges (recognized as amortisation/depreciation)	941	741	200	27%
EBIT net of non-recurring charges	23.502	22.040	1.462	7%
Net financial expenses	3.140	657	2.483	>100%
Pre-tax profit	20.362	21.382	(1.021)	-5%
Taxes	(1.934)	(1.884)	(50)	3%
Net profit for the period	18.428	19.498	(1.071)	-5%

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Reclassified consolidate balance sheet:

€/000	31/12/2021	31/12/2020
Assets		
Non-current Assets		
Intangible assets	99.322	68.057
Trademark	358	359
Goodwill	75	75
Tangible assets	505	214
Deferred tax assets	8.958	6.289
Equity investment recognised at equity	18	18
Other non-current assets	1.788	2.334
Total non-current assets	111.024	77.345
Current Assets		
Trade receivables	18.759	16.787
Tax credits	19.452	21.721
Current financial assets	12.070	4.348
Other current assets	14.626	6.367
Cash and cash equivalents	3.246	3.513
Total Current Assets	68.153	52.736
Total Assets	179.177	130.082
Shareholders' equity		
85.579	67.041	
Non-current liabilities		
Employee benefits	308	181
Deferred tax liabilities	109	117
Provisions for risk and charges	300	300
Non-current financial liabilities	32.940	18.108
Total non-current liabilities	33.657	18.706
Current liabilities		
Current financial liabilities	11.665	5.379
Trade payables	22.257	25.289
Tax payables	1.281	1.625
Contractual liabilities	16.484	2.980
Other current liabilities	8.254	9.062
Total current liabilities	59.941	44.335
Total liabilities	179.177	130.082



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Key indicators in the Group's cash flow statement:

€/000	31/12/2021	31/12/2020
A - Net flow generated/(used) from operating activities	102.613	68.782
B - Net flow generated/(used) from investing activities	(123.566)	(88.379)
C - Net flow generated/(used) from financing activities	20.686	15.158
D - Total cash flow generated/(used) in the period (A+B+C)	(267)	(4.439)
E - Cash and cash equivalents at the beginning of the period	3.513	7.952
F - Cash and cash equivalents at the beginning of the period (D+E)	3.246	3.513

NFP details:

Net Financial Position - €/000	31/12/2021	31/12/2020
Cash and cash equivalents	(3.246)	(3.513)
Current Financial assets	(12.070)	(4.348)
Liquidity	(15.316)	(7.861)
Short term portion of non-current financial liabilities	1.996	366
Other current financial liabilities	9.669	5.012
Current financial debt	11.665	5.378
Net current financial debt	(3.651)	(2.483)
Non current financial liabilities	32.940	18.108
Net non-current financial debt	32.940	18.108
Net Financial Position	29.289	15.625



Profit and Loss ILBE S.p.A.

	31/12/2021	31/12/2020	Delta	Delta %
Revenues	147.757.608	117.004.303	30.753.305	26%
Operating costs	4.001.763	4.539.375	(537.612)	-12%
Personnel expenses	945.052	704.093	240.959	34%
Amortisation/depreciation, write-downs and provisions	116.000.585	90.069.900	25.930.685	29%
EBIT	26.810.208	21.690.936	5.119.272	24%
EBIT margin %	18%	19%	n.a	-1%
Non recurring charges (recognized as amortisation/depreciation)	941.000	740.747	200.253	27%
EBIT net of non-recurring charges	25.869.208	20.950.189	4.919.019	23%
Net financial expenses	(3.029.711)	(668.776)	(2.360.935)	>100%
Pre-tax profit	22.839.497	20.281.413	2.558.084	13%
Taxes	(2.092.484)	(1.593.382)	(499.102)	31%
Net profit for the period	20.747.013	18.688.030	2.058.983	11%

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Balance Sheet ILBE S.p.A.

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	31/12/2021	31/12/2020
Assets		
Non-current Assets		
Intangible assets	94.616.763	62.042.563
Tangible assets	119.467	5.112
Deferred tax assets	7.928.690	6.096.330
Equity investment in subsidiaries	6.776.412	5.686.412
Other non-current assets	1.774.103	2.322.662
Total non-current assets	111.215.435	76.153.079
Current Assets		
Trade receivables	17.223.597	16.876.138
Tax credits	19.909.672	21.661.629
Current financial assets	12.070.002	4.348.355
Other current assets	14.549.325	3.545.484
Cash and cash equivalents	2.545.166	2.860.150
Total Current Assets	66.297.762	49.291.757
Total Assets	177.513.197	125.444.837
Shareholders' equity		
87.486.457	66.611.902	
Non-current liabilities		
Employee benefits	158.890	86.974
Provisions for risk and charges	300.000	300.000
Non-current financial liabilities	32.831.086	18.078.170
Total non-current liabilities	33.289.976	18.465.144
Current liabilities		
Current financial liabilities	11.599.988	5.351.441
Trade payables	19.190.134	26.058.952
Tax payables	855.071	581.544
Contractual liabilities	17.171.241	2.847.110
Other current liabilities	7.920.330	5.528.745
Total current liabilities	56.736.764	40.367.791
Total liabilities	177.513.197	125.444.837