



**2020**

**Universal registration document  
Annual report**







## UNIVERSAL REGISTRATION DOCUMENT

2020  
ANNUAL REPORT



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## MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

What a year! Never had all movie theaters worldwide been closed at the same time. There is no war, no revolution. An appalling pandemic is affecting the whole world. If, at the time of writing, in some countries movie theaters have reopened, often with reduced capacities, in the main countries where Gaumont films generate most of their revenue, primarily in France, they are still closed and the date of reopening is unknown.

The compensatory measures granted by the public authorities only mitigate the effect of the crisis.

On top of the closure of movie theaters, film and series shootings stopped for three months in France and Germany, for six months in the United States and the United Kingdom, resulting in postponements of deliveries and a corresponding decrease in revenue. Not and not even close to offsetting this drastic reduction in activity, sales of films in the catalog benefited, particularly in France, from the need for programs from small-screen broadcasters, both historical players and platforms.

The strategy is clear but its implementation is complex. At Gaumont, as for its peers, the number of films lined up for release have never been so high, thereby creating foreseeable congestion when the movie theaters will be able to welcome them.

In a very strict health framework, which significantly increased production costs, shooting continued. While the pandemic has affected some members of the teams, requiring frequent rearrangements and corresponding additional costs, no main actor on which a film or series is based has fortunately been affected to date.

In this deteriorated environment, a new audiovisual bill should be voted before the end of the year. Surprisingly and not in concert, it creates uncertainty about the compensation of certain production participants and the management of catalogs. For the rest, with minor differences, it is an extension to the previous project, which was not entirely satisfactory, particularly in terms of effectively combating illegal downloading. This, along with legal downloads, is unfortunately one of the major winners of the pandemic.

The draft decree integrating platforms into the French audiovisual landscape is currently under review in Brussels. Its application, on which the profession is very vigilant, will depend on the future of the French cultural exception.

2021 will be a very challenging year. The Gaumont teams, who proved able to quickly and effectively adapt their working methods to new conditions in 2020, are more than ever mobilized to ensure that this dramatic virus is no more than a memory in 2022.

Attractive series and ambitious films should satisfy fans of the small screen and welcome back viewers to movie theaters, bored after the successive lockdowns.

**Nicolas SEYDOUX**, April 7, 2021



## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

2020 or the pandemic.

2020 will have been a year like no other. The whole world has been hit by the health crisis caused by Covid-19, a virus that appeared in late 2019 from China.

Faced with this unprecedented situation, all countries adopted different strategies to try to contain this sometimes fatal disease, in order to relieve overwhelmed and weakened health systems.

In France, the government took radical measures in mid-March by closing all so-called "non-essential" businesses and, for the first time in their existence, all movie theaters had to close their doors to the public. All shooting has been interrupted. France has experienced total lockdown for two months.

During this period, Gaumont's activity, which consists of producing and distributing films and series, came to a brutal halt. Luckily, Gaumont has a catalog of more than a thousand titles with very strong demand from historical channels.

These two months obliged us to implement a different organization. We had to think about the time when everything would reopen, find solutions to ensure that the insurance policies of our future productions include this new virus and determine how to implement effective health protocols on film sets to avoid giant clusters.

For Gaumont, no film was interrupted. In contrast, the third season of *Narcos Mexico*, the most important series produced by the Company, saw its shooting suspended due to the epidemic outbreak in Mexico.

All of this had a significant impact on Gaumont's business.

During this unique period, we were approached by Netflix who was highly interested by *Bronx*, directed by Olivier Marchal and initially scheduled for release in movie theaters in September. After long negotiations, and with the agreement of Canal+ and Olivier Marchal, we decided to sell the film to Netflix.

From mid-May, shooting resumed in France and more generally in Europe. Many series and film projects were then able to start or resume their course. We had to wait until October so that the shooting of season three of *Narcos Mexico* resumed in Mexico.

As I write these few lines, France is entering its third lockdown. Unlike the first one, we can continue to shoot. The series will be delivered to television channels and platforms on time.

The only parameter, and not the least, on which we have no information is the reopening date for movie theaters in France. After reopening in June 2020, they were obliged to close at the end of October, and have not yet been able to open yet.

For the first time, Gaumont is left with a large stock of films that have not yet been released in movie theaters.

Gaumont's revenue in 2020 is strongly impacted by the pandemic. It did not allow us to return to a profitable result despite the performance of catalog film sales, the very good results of *Bronx* and *Barbarians* on Netflix, the successful track record of *Tout Simplement Noir* during the summer and the incredible eight days of distribution of *Bye Bye Morons* totaling more than 700,000 tickets sold while France was partially under curfew.

At the same time, the profession remains very committed to ensuring that the transposition of the AVMS Directive takes place under favorable conditions for our businesses. At the same time, the media release chronology that was revised three years ago, with minor modifications, is once again evolving. Because when we ask platforms to invest in French audiovisual and cinematographic creation, we must give them the position they deserve!

For reasons mainly exogenous in connection with the pandemic, our activities have been and will continue to be disrupted this year, but Gaumont remains fully focused and vigilant while remaining bold and confident in the future!

**Sidonie DUMAS**, April 7, 2021







# OVERVIEW OF THE MAIN OPPORTUNITIES AND RISKS

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## OUTLOOK AND STRATEGIC DIRECTION

### Rise of multi-screen image content consumption

After over a year of travel restrictions that affected all countries worldwide, the audiovisual sector is experiencing disruption already made possible by the constant evolution of technologies for delivering animation images.

The roll-out of very high-speed mobile networks, commercially known as “5G”, enhances viewing channels “where I want it, when I want it, what I want” while creating new opportunities for all entertainment players. This new milestone in mobile consumption promotes the penetration of global players by allowing them to integrate their services in “OTT” (“Over The Top”), that is to say, literally “on top of” the technical infrastructure of telecommunications operators, while in the future it will allow local players to position themselves in niches that have been neglected by global players.

Formerly spectators faced with the continued rise of GAFAM (Google, Apple, Facebook, Amazon, Microsoft) and Netflix, to name but a few, States are now fighting back on the regulatory grounds of sovereignty. Europe is leading a two-fold fight on the taxation of digital giants and the protection of its citizens’ personal data.

Faced with the emergence of these digital giants, traditional entertainment players responded with the international OTT roll-out of pay video on-demand services of American studios Warner (under the HBO Max brand), NBCUniversal (currently called Peacock), ViacomCBS (with Paramount+). These offers are also a genuine eye-opener regarding the risk of circumvention by the most active incumbent players such as Netflix, Amazon and Disney+.

Against the background of the proliferation of premium pay-video offers, demand for audiovisual programs is under high pressure and translated into increased competition in the search for original stories and access to rights to adapt intellectual property.

Faced with the closure of theaters, the financing of film production in France and abroad is proving even more challenging. Although France remains an exception compared to its European neighbors due to its unique legislative framework, the most ambitious films, with large budgets, but also films with a demanding artistic proposition are facing increasing difficulties with all stakeholders, which are all weakened by the consequences of the Covid epidemic. The future will tell whether the modernization of on media timing rules and platform investment obligations in France provides part of the solution to this funding crisis.

This change in consumption patterns, accelerated by the Covid epidemic, reinforces demand for original and revisited stories. It marks the end of the distinction between the straight-line world of conventional television and the entirely on-demand world of audiovisual services. Above all, it clearly marks the difference between the pay and free worlds of program distribution.

### A multi-genre local presence based on our core activities: creating, producing and marketing

Gaumont is working to address this change in demand by providing an offer that is as close as possible to its talent and customers, capitalizing on its local offices in France, the United States, England and Germany.

Historically, Gaumont has a catalog of over one thousand movies and a legacy that helped tie close links with talents both inside and outside France.

Gaumont believes that its future lies in its ability to adopt an innovative approach to the subjects developed, while continuing to listen to what customers want and respond to the change in the public’s consumption habits. Capitalizing on its catalog, when necessary, our teams are tasked with bringing together current and emerging talent to create, produce and market drama works (films, series, animation).

In terms of films themselves, in France focus has been set on strengthening ties with talents in order to produce more in-house works, and at the same time fully exploit the creative synergies with the drama production teams.

In the United States, England, Germany and France, the audiovisual drama teams are handling a growing number of projects, giving them a firm local footing where necessary but taking advantage of synergies at international level. Gaumont’s strategy to offer new purchasers, *i.e.* the streaming platforms, a plethora of artistic production and to be where they are making the most acquisitions, is increasingly relevant.

This applies particularly to the animation segment which is based in two locations, the United States and France, where our customers and the technical and creative know-how is to be found.

In this fast-changing environment Gaumont, the world’s oldest movie company, is faced with a challenge that is ambitious on both a cultural and social level. To meet this challenge it intends to use its wealth of past experience of all media, both shared and individual, to create programs that will touch hearts, make memories and reinstate social bonds.



# IMPACTS OF THE COVID-19 EPIDEMIC ON GAUMONT'S ACTIVITY, INCOME AND FINANCIAL RESULTS

## Description of the risk and its effects

Since March 2020, companies in the audiovisual industry have been affected by an unprecedented health crisis that will continue in 2021. With their work organization and production being upended, they need to strategize in an environment in which some or all of their activities are slowing down or coming to a standstill. With the first lockdown, all shooting in France and around the world stopped overnight, making the completion of films uncertain.

In Gaumont's business segments related to the production and distribution of films and television series, successive protocols, health safety rules and lockdown resulted in interrupted shootings, costs related to these hiatus, postponed film releases and foreseeable delivery delays for unfinished works.

## Actions implemented to control and mitigate the effects

A business continuity plan has been settled. Tools have been rolled out to enable employees to continue working under proper conditions and to plan meetings or remote conferences.

Remote work has been favored whenever possible, without compromising the continuity of its business. Regarding activities that can only be carried on-site, Human Resources Department has put together a guide on adherence to adapted rules put in place within the Company.

Gaumont did adjust to the situation to continue its trade and sales activities and active project development in anticipation of demand and supply which should be very strong when the theaters reopen.

Today, movie theaters are still closed with no visibility on the date of reopening.



## RISK FACTORS

The internal control mechanism that has been set up is part of a global approach of management of existing risks and to identification, measurement and mitigation of new risks likely to affect all or part of the Group's business, and their potential impact on the financial statements.

Gaumont reviews these risks and uncertainties when making any organizational changes, during the general revision cycles of its key operating procedures, and whenever particular internal or external events occur or an indicator of the appearance of a new risk is brought to the teams' attention.

The risks described below may affect Gaumont's business and financial position to greater or lesser degrees. Investors are requested to be aware of these prior to making investment decisions.

The major risks to which Gaumont is exposed in its current business are broken down into three categories and ranked according to the table below. The risks incurred by the coronavirus pandemic since March 2020 are discussed separately at the beginning of this section given the extraordinary and long-term nature of the situation.

However, a statement indicates whether the risk is increased due to the pandemic.

RISK CATEGORY	RISK	POTENTIAL RISK	PROBABILITY/CHANGE	COVID-19 EFFECT (FROM 1 TO 5)
Industry risk	Market saturation	Very high	Increase	5
Industry risk	Release of films in movie theaters	Very high	Increase	5
Operating risk	Production hiatus or delays and associated cost overruns	High	Increase	4
Industry risk	Continual change of the business model of online streaming platforms	High	Increase	2
Operating risk	Lack of availability of authors and artists	High	Increase	0
Risk of disputes	Complexity of the regulations associated with intellectual property rights	High	Low	0
Industry risk	Change in regulations regarding public grants for the industry	Medium	Increase	3
Industry risk	Transformation of the audiovisual landscape and consumer habits	Medium	Increase	3
Operating risk	Financing of investments	High	Increase	3
Operating risk	Business development outside of France	Very high	Increase	5
Operating risk	Risk of damage on the Ambassade building site	Low	Stable	0



## Industry risks

### Market saturation

#### Description of the risk and its effects

The audiovisual industry is very competitive and the content offer is continually expanding. In France, more than 700 films are released in movie theaters every year.

The structural market saturation will be more significant due to the health crisis when movie theaters reopen. Many films that should have been released during 2020 will be scheduled for a release in months following the reopening of movie theaters in addition to those scheduled for release in 2021. In addition to this congestion effect, measures limiting the number of spectators per theater will most certainly be put in place.

Confronted with this surge of offerings, broadcasters, themselves changing their business model, have the upper hand to select which projects they will be funding and are becoming increasingly demanding in the choice of projects and control over production.

To set themselves apart and secure orders, producers are obliged to expand not only their production volume but also financial investments, development, production and distribution of projects incurring significant costs.

#### Actions implemented to control and mitigate the effects

Gaumont develops the broadest editorial line possible in such a way as to create a diversified offering that can appeal to a broad audience.

Drawing on its experience in production, Gaumont enacts an ambitious project development policy in each of its business segments, in France, Europe and the United States, and devotes important resources to this policy.

### Release of films in movie theaters

#### Description of the risk and its effects

During a pandemic, access to culture is undermined and the closure of movie theaters since March 2020 is an unprecedented cultural, economic and social disruption.

For feature film producers, the release in movie theaters is a prerequisite for a "feature film", to obtain grants and allocations from the support fund and this triggers the payment of the main financing. The non-release of the film generates significant financial costs for producers, and for the distributors who incur the publishing costs without generating any revenues.

#### Actions implemented to control and mitigate the effects

Gaumont has adapted its film release policy in 2020 taking into account a fluctuating and uncertain health situation regarding the reopening of movie theaters.

Two films were released in theaters between lockdown periods. The schedule in theaters of the other films in the 2020 catalog has been postponed and a special focus will be placed on release dates that are the key drivers for a film's success.

### Continual change of the business model of online streaming platforms

#### Description of the risk and its effects

Subscription-based video on demand platforms are proliferating worldwide and investing on a large scale in the purchase of all types of content.

A player such as Netflix, a pioneer and leader, developed a model based mainly on an offering of original content, supplementing it with content that can be accessed under license in order to provide subscribers with the most appealing, broadest selection possible.

Confronting the burden of the investments needed to perpetually refresh its original content and with the arrival of new competitors, Netflix regularly adjusts its model. In under 10 years, Netflix shifted from a policy of purchasing rights that was limited to the regions where it operates to a policy of exclusive purchasing, and then zeroed in on a model where it functions as an ordering customer and producers do not retain any rights to the works they make. At the same time, Netflix launched an internal production business, first in the United States in 2018 by purchasing a studio in New Mexico, and then in Europe in 2019 with the opening of a studio in Madrid.

In a market in which the online streaming platforms, due to their investment volume, are now asserting themselves as major financial partners, these successive changes in the model constitute an economic and legal risk for producers, who are required to continually adapt to new working conditions.

While Netflix's competitors are likely to experience similar changes in the coming years, independent producers will probably need to closely reexamine their business model.

#### Actions implemented to control and mitigate the effects

Amid this endlessly changing environment, Gaumont is expanding its production teams, increasing the number of both film and television projects, and developing commercial relations both with historical television channels and new actors.

At end-2020, online streaming platforms accounted for 52% of consolidated revenue.



## Change in regulations regarding public grants for the industry

### Description of the risk and its effects

In most countries, the film and audiovisual industries benefit from favorable tax systems and incentivizing public grants. These grants may take the form of tax credits, reimbursement of certain production or distribution expenses, subsidies, or assistance repayable on the works' proceeds.

In all the countries where Gaumont operates, these tax incentives are widespread. They boost the financing capacity of producers and distributors and help maintain a diversified production activity.

### Actions implemented to control and mitigate the effects

Gaumont benefits from various financial support for its film and television projects, both inside and outside of France, thereby facilitating the financing of works. Gaumont is careful to give priority to projects that have cost-effective budgets and for which the bulk of financing is provided by business and financial partners involved in production from the moment the investment decision is made.

The accounting methods for those grants and the amounts recognized in income for the period are presented, respectively, in note 3.4 to the consolidated financial statements.

Gaumont also participates in all discussions that may take place regarding regulatory changes, particularly through actions carried out with the professional unions.

## Transformation of the audiovisual landscape and consumer habits

### Description of the risk and its effects

The audiovisual landscape is witnessing dramatic changes. The proliferation of television channels, the inception of themed channels and then catch-up television, the emergence of connected broadcasting devices and the flourishing of video on demand have altered consumption practices and are forcing traditional networks to drastically rethink their economic model.

Demand for content is now increasingly focused on innovation and immediate availability, and this calls into question the sequenced scheduling of television series and shrinks the market for catalog works. The mushrooming of offerings causes audience dispersion and weakens the impact of advertising campaigns, the main sources of revenue for linear channels. Connected devices and multinational online streaming platforms allow people to consume content from around the world and require adaptation to locally restrictive regulations.

These changes simultaneously represent an opportunity and a risk for producers like Gaumont. On the one hand, the market is widening and new purchasers are cropping up, but on the other, competition is intensifying. In addition, broadcasters' demands are heightening and production costs are rising just as the investment capacity of traditional broadcasters is shrinking and protective regulations are being forced to loosen.

As far as distributors are concerned, this is an imposing challenge. Confronted with the race to innovation, dispersed audiences and a reduction in broadcasters' investment capacity, the market for long-term sales of works is contracting, prices are falling and negotiation conditions are stiffening.

The health crisis could accelerate the trends observed so far.

### Actions implemented to control and mitigate the effects

In all its production activities, Gaumont focuses on continually adapting to changes in demand by positioning itself as a partner of all actors and by investing heavily in new-project development.

When it comes to television series, Gaumont continues to expand its catalog while also offering its series-making expertise to platforms.

As a distributor, Gaumont holds an extensive catalog of feature films in which it invests regularly so as to adapt it to technical standards, and which enables it to supply distributors with a broad, diversified product offering.

This catalog enabled to mitigate the effects of the pandemic in its financial statements.

## Operating risks

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### Production hiatus or delays and associated cost overruns

#### Description of the risk and its effects

The production business requires Gaumont to face hazards on a permanent basis and to demonstrate a substantial ability to adapt. Numerous events can cause production delays and automatically, an inflation in production costs. In activities where investments are substantial and margins are sometimes uncertain, it is necessary to limit the risks of loss at the outset of the prefinancing phase.

During the pandemic period in France and around the world, audiovisual production activities may have been canceled or postponed.



### **Actions implemented to control and mitigate the effects**

Gaumont organizes its production teams around several key specialized positions responsible for ensuring on a permanent basis that projects are carried out smoothly.

Production supervision is handled by a line producer whose role is to monitor the budget of the film, to authorize expenses, to ensure that the filming schedule is respected and to supervise the editing work. The line producer is assisted by a production manager whose role is to ensure that adequate resources are provided for the project and to monitor the execution of the budget. Production controllers are responsible for monitoring the cost of ongoing productions and the associated financial risks. The teams play a vital role in controlling production costs by monitoring the production budgets in close collaboration with the production administrator.

Insurance specific to the production business is subscribed in order to cover in the preparation and production phase the risk of illness or accident affecting the main actors or the director as well as the risk of degradation of the master recording. Completion guarantees can also be subscribed when the context requires it.

### **Lack of availability of authors and artists**

#### **Description of the risk and its effects**

The creative process for an audiovisual project starts with an original idea and includes the writing, filming and editing stages until the work is presented to the public. The manufacturing chain for a feature film or a television show is lengthy and often complex, involving collaboration among numerous technicians and artists.

Because of the increase in volume, particularly with the surge of orders from on-demand video platforms, producers are increasingly facing with the lack of availability of authors, actors, graphic designers and other specialized technicians. This situation is forcing producers to resort to often costly measures such as exclusivity contracts or to call on foreign resources. These practices lead to financial risks for producers with no guarantee that projects will be produced, but also legal risks related, for example, to a misunderstanding of the employment and tax regulations applied to foreign residents.

The pandemic increases the risk related to the lack of talent.

#### **Actions implemented to control and mitigate the effects**

In order to prevent the lack of resources, Gaumont resorts occasionally to long exclusivity contracts for leading roles when the budget allows it.

Nevertheless, Gaumont's main strategy remains relying on quality partnerships with talent agencies, and confirming and forming trustworthy relationships with authors, talents and their agents.

To allow Gaumont to work with participants residing abroad, some subsidiaries have been registered with the principal Anglo-Saxon guilds, and partnerships have been entered into with local companies specializing in managing authors and performers for production companies.

Internal procedures have also been put in place to guarantee the proper administrative management of those particular issues.

### **Financing of investments**

#### **Description of the risk and its effects**

Developing projects and producing works are costly processes that commit Gaumont over several years.

In the case of feature-length films, balancing the financing is generally ensured by the distributor, with positive return on investment usually after several years of operation.

In television production, most of the funding contracts call for instalments with periodic payments throughout production and beyond the delivery date. To ensure the simultaneous funding of all its activities, Gaumont must quickly mobilize substantial financial resources.

In addition to current operations, Gaumont is involved in real estate projects requiring heavy investments the returns of which are expected over the long term.

#### **Actions implemented to control and mitigate the effects**

To preserve its investment capacity while increasing the number of projects, Gaumont engages in products with variable budgets and diversifies the typology of its productions, alternating among projects produced internally, all-inclusive investments and projects without liquidity advances.

To cover its cash needs, particularly during the production cycle, Gaumont resorts regularly to dedicated bank financing, particularly in the United States, where investments are traditionally quite high.

Within the Finance department, a financing and treasury department ensures that Gaumont always has access to adequate, long-term sources of available cash to enable the business to continue to operate. Cash positions are checked daily and cash flow forecasts are drawn up and reviewed periodically. This department also sets hedging policy to manage the risks inherent in the loans.

The analysis of the financial risks associated with liquidity needs, with changes in interest rates and currency fluctuations is presented in detail in note 7.1 to the consolidated financial statements.



## Business development outside of France

### Description of the risk and its effects

After developing its television series production business in the United States, Gaumont established a presence in the United Kingdom and Germany three years ago. This phase of development requires massive investments and additional cash needs to develop the series and for ramp up costs. In addition to cash requirements, investments in companies outside the euro zone expose Gaumont to currency fluctuations.

### Actions implemented to control and mitigate the effects

Controlling the development expenses of the new activities is ensured by establishing estimated budgets and by controlling the available financing for subsidiaries under development. Financing resources are centralized and cash is supplied monthly based on cash estimates established by the subsidiaries and monitored centrally by the Finance department.

In order to mitigate foreign exchange risks related to the development of business abroad, Gaumont has put in place a foreign exchange hedging policy. The analysis of the foreign exchange risk is presented in note 7.2 to the consolidated financial statements. Moreover, in 2018 Gaumont chose to locate part of its financial resources directly in the United States in order to finance its local needs in local currency.

## Risk of damage on the Ambassade building site

### Description of the risk and its effects

For Gaumont, the Ambassade real estate project on the Champs-Élysées represents a major challenge from an economic, operational as well as a legal standpoint given its exceptional nature and scale.

Many risks of damage, disputes and delays were taken into account in this project. In addition, there are the contractual hazards inherent in any real estate project: construction flaws, faulty work, delays, shutdown of the site in March 2020 and hazards related to commitments made to the lessee.

### Actions implemented to control and mitigate the effects

In order to better deal with the risks related to this exceptional project, Gaumont has chosen to delegate the management of the project to widely recognized and established companies in the sector that have adequate resources. Processes involving the monitoring, coordination and validation of decisions and the progress of the project have been put in place with Gaumont's teams.

In terms of security and risk prevention, contractual conditions are imposed on all subcontractors and auditing processes have been established and turned over to a coordinator in security and health protection matters.

Gaumont has also subscribed to insurance policies specific to real estate projects, in particular to cover the civil liability of the project owner and the risks inherent in the project. Moreover, Gaumont has a bank guarantee on the cash advances paid to the general contractor in charge of the project and guarantees from the lessee. These commitments are presented in note 4.3 to the consolidated financial statements.

## Risk of disputes

### Complexity of the regulations associated with intellectual property rights

#### Description of the risk and its effects

Intellectual property constitutes the heart of the cultural and artistic industry. Like other cultural industries, the audiovisual industry is therefore exposed to legal risks, primarily including disputes relating to intellectual property rights and sharing proceeds from a work.

#### Actions implemented to control and mitigate the effects

Management of rights is at the heart of all of Gaumont's activities. In order to ensure respect for regulations at all times and to limit the risk of disputes to the extent possible, lawyers specialized by activity take charge of negotiating and formalizing all contracts for authors as well as production and distribution contracts. The execution of authors' contracts is assigned to teams specializing in calculating royalties or to external partners when justified by the complexity of the contracts.

For monitoring rights and administering sales, Gaumont uses applications for managing and controlling rights in order to guarantee the chain of rights and its catalog.

In the event of a dispute concerning intellectual property rights, Gaumont is assisted by law firms with recognized expertise in this area. Where applicable, Gaumont records provisions for these risks in its financial statements. These provisions are presented in note 8.1 to the consolidated financial statements.





# INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURE

## Compliance with an ethics charter

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Gaumont monitors compliance with certain rules of conduct and ethics. These are brought together in a professional ethics charter which sets out a Code of conduct with which employees must comply, with specific reference to stock market dealings, the confidentiality of Gaumont's data and relationships with clients and suppliers. Employees must confirm in writing that they will adhere to these rules. The professional ethics charter is appended to Gaumont's rules of procedure, which also sets out the rules for using the IT, telephone and internet tools and reminds users of their responsibility in this area.

## Centralized management of internal control

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Gaumont's internal control is based on the principles and components of the AMF's simplified Reference Framework for small caps and midcaps.

The internal control principles and guidelines are drafted by the central internal control department and then distributed to all subsidiaries inside and outside France. The guidelines are transposed into procedures at company level and implemented with the help of local resources and centralized departments.

When companies are acquired, Gaumont makes every effort to integrate the mechanism within a reasonable time frame, which may, however, vary according to the size of the company.

The half-yearly report on the internal control strategies and activities is submitted to the Audit Committee, which delivers an opinion on the work carried out and the general mechanism put in place.

## Managing IT risk

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The management of IT risk is organized into four key areas: the security policy, segregation of functions, change management and user training.

The security policy mainly covers outsourced hosting of infrastructures, firewalls and network updates, multiple data backups, password management and secure e-mail access, updating of workstations and protection against new threats, antispy and domain name protection.

The segregation of functions in the applications is done through user account management, with a separation of the consultation, modification and development rights. These rights are managed by administrators who are not involved in producing accounting and financial information.

Change management oversees the corrective maintenance and upgrading of the applications. The most important interventions are carried out as part of structured projects, and with the support of specialized consultants when necessary.

Lastly, to train users, Gaumont regularly holds educational sessions for all users on IT security, and every year numerous users undergo training on the tools used to perform their duties.



## OVERVIEW OF THE MAIN OPPORTUNITIES AND RISKS

INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURE

### Internal control and risk management procedures in place for the preparation and processing of the accounting and financial information

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To control the risks which could have a direct impact on the accounting and financial information, Gaumont put in place an internal control system based on rules and procedures which it strives to permanently upgrade and adapt.

#### The main principles of Gaumont's internal control system

##### **Expenditure workflow and control procedures and fraud risk management**

All expenditures and financial flows of Gaumont and its subsidiaries are subject to a multi-level validation procedure.

##### **BUDGET CONTROL**

Each year, the operations and functional managers submit to Executive management and the Finance department their strategy, objectives, and detailed budget requirements for the following year. Once approved by Executive management, a consolidated summary is compiled by the Finance department and submitted to the Board of directors. The approved budgets serve as a reference for expenditure commitments for the following fiscal year.

As films are released and television programs delivered, the Finance department arranges for the business forecasts to be updated. By doing this, any significant variation in activity which could impact the consolidated results can be anticipated. All the budgets are updated at least once a year and submitted to the meeting of the Board of directors called to approve the budget for the following year.

Overhead and general operating expenses are subject to a periodic report from the various operating divisions to Gaumont's Executive management.

##### **VALIDATION OF EXPENDITURE**

Gaumont's organization is structured around levels of authority and responsibility. It is based on a delegation and transaction authorization system drawn up to meet the specific needs and constraints of every activity. The procedures are formalized in the procedure manual and apply to all business sectors of Gaumont and its subsidiaries.

An organization which structures transactions and delegations of power is key to risk management within Gaumont. To further tighten the control of its processes, Gaumont implemented an invoice validation workflow software, which guarantees compliance with the internal delegation rules.

##### **CONTROL OF PAYMENTS**

To limit the risk of misappropriation of funds, Gaumont has a double signature policy in place for all payment means. This offers security against internal fraud and provides more opportunities to detect errors and anomalies.

Gaumont has implemented digital bank signatures, in the form of secure and personal validation keys for each signatory, in compliance with the double digital signature principle and aligns these rules with an IT system that has rights management and is administered by a nonsignatory user who is not involved in managing cash.

##### **SEGREGATION OF FUNCTIONS IN THE FINANCE DEPARTMENT**

The Finance department is organized into specialist departments to separate bookkeeping, controlling, cash management and internal control functions. The people involved in the processes most susceptible to fraud, such as managing third parties and bank references, issuing payments and validating invoices, are spread among different departments.

##### **PREPARATION AND APPROVAL PROCEDURES FOR FINANCIAL STATEMENTS**

Preparation of the financial statements for publication is covered by a procedure which involves several departments and is organized according to a detailed timetable drawn up by the Finance department. This timetable, which sets out the sequence of the work to be carried out by the different departments, is distributed to all relevant employees and the IT teams.

The data from the different departments are cross-checked by the Accounting department and the Controlling department to ensure consistency between management data and statutory accounting data.

Market software is used to keep the books and consolidate the financial statements, to guarantee compliance with the accounting rules, and is adapted to meet the specific business needs of Gaumont and its subsidiaries, for example using analytic plans to monitor activities.

Gaumont's separate and consolidated financial statements are audited each year and undergo a limited half-yearly review, in compliance with the rules of independence and the code of conduct of the statutory auditors, whose working methods focus particularly on controlling the risk of fraud and errors in preparation of the financial statements.

The financial information is submitted to the Executive management and the Board of directors for approval, as required by law, and published in accordance with the rules governing listed companies.



## CONSOLIDATED FINANCIAL INFORMATION

<u>Consolidated income statement</u>	<u>18</u>	<u>Consolidated statement of cash flows</u>	<u>23</u>
<u>Consolidated statement of comprehensive income</u>	<u>19</u>	<u>Performance and business review</u>	<u>24</u>
<u>Consolidated statement of financial position</u>	<u>20</u>	<u>Notes to the consolidated financial statements</u>	<u>34</u>
<u>Consolidated statement of changes in equity</u>	<u>22</u>	<u>Statutory auditors' report on the consolidated financial statements</u>	<u>86</u>



## CONSOLIDATED INCOME STATEMENT

<i>(in thousands of euros)</i>	NOTE	2020	2019
<b>Revenue</b>	3.2	153,950	212,137
Purchases		-1,514	-1,206
Personnel costs	3.3	-41,027	-33,908
Other current operating income and expenses	3.4	-42,215	-71,397
Depreciation, amortization, impairment and provisions		-83,730	-142,717
<b>Current operating income (loss)</b>		<b>-14,536</b>	<b>-37,091</b>
Other non-current operating income and expenses	3.5	-58	107
<b>Operating income (loss)</b>		<b>-14,594</b>	<b>-36,984</b>
Share of net income of associates		-	-
<b>Operating income after share of net income of associates</b>		<b>-14,594</b>	<b>-36,984</b>
Gross borrowing costs		-5,845	-7,860
Income from cash and cash equivalents		11	0
<b>Net borrowings costs</b>		<b>-5,834</b>	<b>-7,860</b>
Other financial income and expenses	3.6	4,528	6,157
<b>Net income (loss) before tax</b>		<b>-15,900</b>	<b>-38,687</b>
Income tax	9.1	-873	149
<b>NET INCOME</b>		<b>-16,773</b>	<b>-38,538</b>
Share attributable to non-controlling interests		-	-29
Share attributable to the shareholders of the parent company		-16,773	-38,509
<b>Earnings per share attributable to the shareholders of the parent company</b>			
• Average number of shares in circulation	6.1	3,119,876	3,119,876
• <i>In euros per share</i>		-5.38	-12.34
<b>Diluted earnings per share attributable to the shareholders of the parent company</b>			
• Average potential number of shares	6.1	3,131,426	3,119,876
• <i>In euros per share</i>		-5.36	-12.34



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands of euros)</i>	NOTE	2020	2019
<b>Net income</b>		<b>-16,773</b>	<b>-38,538</b>
Translation adjustments of foreign operations		4,067	-468
Share in currency adjustments of foreign operations of associates		-	-
Changes in fair value of available-for-sale financial assets		-	-
Changes in the fair value of cash flow hedging instruments	7.2	1	599
Changes in fair value of net investment hedging financial instruments	7.2	-1,844	-
Share of changes in fair value of hedging financial instruments of associates		-	-
Income tax on gains and losses recognized directly in equity	9.1	460	-168
<b>Other elements of comprehensive income that could be reclassified later in net income</b>		<b>2,684</b>	<b>-37</b>
Changes in asset revaluation surplus		-	-
Actuarial gains (losses) on defined benefit plans	8.2	-769	-212
Share of actuarial gains and losses of associates		-	-
Income tax on gains and losses recognized directly in equity	9.1	192	53
<b>Other elements of comprehensive income that cannot be reclassified in net income</b>		<b>-577</b>	<b>-159</b>
<b>Total of other elements of comprehensive income after taxes</b>		<b>2,107</b>	<b>-196</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>-14,666</b>	<b>-38,734</b>
Share attributable to non-controlling interests		-	-29
Share attributable to the shareholders of the parent company		-14,666	-38,705



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### ASSETS

(in thousands of euros)

	NOTE	12.31.20	12.31.19
Goodwill	2.4	12,035	12,035
Films and audiovisual rights	4.1	158,344	126,401
Other intangible assets	4.2	166	182
Property, plant and equipment	4.3	74,889	72,114
Other financial assets	4.4	167	179
Non-current deferred tax assets	9.1	3,761	3,881
<b>Non-current assets</b>		<b>249,362</b>	<b>214,792</b>
Inventories	5.1	356	358
Trade receivables and contract assets	5.2	84,853	117,971
Current income tax assets	5.2	8,742	4,990
Other receivables and current financial assets	5.2	47,502	109,068
Cash and cash equivalents	6.2	114,401	85,773
<b>Current assets</b>		<b>255,854</b>	<b>318,160</b>
<b>TOTAL ASSETS</b>		<b>505,216</b>	<b>532,952</b>



**LIABILITIES AND EQUITY**

*(in thousands of euros)*

	NOTE	12.31.20	12.31.19
Capital		24,959	24,959
Retained earnings and comprehensive income		188,387	205,233
<b>Equity attributable to the shareholders of the parent company</b>		<b>213,346</b>	<b>230,192</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>
<b>Equity</b>	<b>6.1</b>	<b>213,346</b>	<b>230,192</b>
Non-current provisions	8.1	9,249	4,519
Non-current deferred tax liabilities	9.1	2,821	3,014
Non-current borrowings	6.2	82,425	120,644
Other non-current liabilities	5.3	-	-
<b>Non-current liabilities</b>		<b>94,495</b>	<b>128,177</b>
Current provisions	8.1	708	615
Current borrowings	6.2	54,731	12,801
Trade payables	5.3	11,241	21,169
Current income tax liabilities	5.3	-	143
Other payables	5.3	84,523	96,769
Deferred income and contract liabilities	5.3	46,172	43,086
<b>Current liabilities</b>		<b>197,375</b>	<b>174,583</b>
<b>TOTAL LIABILITIES</b>		<b>505,216</b>	<b>532,952</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHANGES IN EQUITY <i>(in thousands of euros)</i>	ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY						TOTAL	ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
	NUMBER OF SHARES	CAPITAL	ADDITIONAL PAID-IN CAPITAL <sup>(1)</sup>	TREASURY SHARES	RETAINED EARNINGS	OTHER COMPREHENSIVE INCOME			
<b>As of december 31, 2018</b>	<b>3,119,923</b>	<b>24,959</b>	<b>5,278</b>	<b>-257</b>	<b>223,549</b>	<b>18,558</b>	<b>272,087</b>	<b>2,911</b>	<b>274,998</b>
Net income for the year	-	-	-	-	-38,509	-	-38,509	-29	-38,538
Other comprehensive income	-	-	-	-	-	-196	-196	-	-196
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-38,509</b>	<b>-196</b>	<b>-38,705</b>	<b>-29</b>	<b>-38,734</b>
Capital transactions	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-3,115	-	-3,115	-159	-3,274
Elimination of treasury shares	-	-	-	-	-	-	-	-	-
Other <sup>(2)</sup>	-	-	-	-	-75	-	-75	-2,723	-2,798
<b>As of december 31, 2019</b>	<b>3,119,923</b>	<b>24,959</b>	<b>5,278</b>	<b>-257</b>	<b>181,850</b>	<b>18,362</b>	<b>230,192</b>	<b>-</b>	<b>230,192</b>
Net income for the year	-	-	-	-	-16,773	-	-16,773	-	-16,773
Other comprehensive income	-	-	-	-	-	2,107	2,107	-	2,107
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-16,773</b>	<b>2,107</b>	<b>-14,666</b>	<b>-</b>	<b>-14,666</b>
Capital transactions	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
Elimination of treasury shares	-	-	-	-	-	-	-	-	-
Other <sup>(2)</sup>	-	-	-	-	-2,180	-	-2,180	-	-2,180
<b>As of december 31, 2020</b>	<b>3,119,923</b>	<b>24,959</b>	<b>5,278</b>	<b>-257</b>	<b>162,897</b>	<b>20,469</b>	<b>213,346</b>	<b>-</b>	<b>213,346</b>

(1) Issue premiums, contribution premiums, merger premiums, legal reserves.

(2) Mainly the impact of purchase of remaining shares of minority interests of Gaumont Television USA Llc.





## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in thousands of euros)</i>	NOTE	2020	2019
<b>Operating activities</b>			
Consolidated net income (including non-controlling interests)		-16,773	-38,538
Net allowances for depreciation, amortization, impairment and provisions	4.5	83,716	143,322
Unrealized gains and losses related to changes in fair value	7.2	-143	2,253
Other calculated income and expenses		3,635	-722
Gains and losses on disposal of assets		87	-170
<b>Cash flow from operating activities after tax and net borrowing costs</b>		<b>70,522</b>	<b>106,145</b>
Net borrowings costs		5,834	7,860
Tax expenses (including deferred tax)	9.1	873	-149
<b>Cash flow from operating activities before tax and net borrowing costs</b>		<b>77,229</b>	<b>113,856</b>
Tax paid		4,118	-117
Change in working capital requirement related to operating activities	5.5	13,932	10,571
<b>(A) Net cash flow from operating activities</b>		<b>95,279</b>	<b>124,310</b>
<b>Investment activities</b>			
Proceeds from sales of fixed assets		192	696
Acquisition of fixed assets		-120,496	-142,751
Change in liabilities on investments		-3,599	-1,624
Net impact of changes in scope, net of cash acquired		-2,180	-7,555
Change in liabilities and receivables on acquisitions of consolidated securities		57,102	-7,248
<b>(B) Net cash flow from investment activities</b>	4.5	<b>-68,981</b>	<b>-158,482</b>
<b>Financing activities</b>			
Gaumont SA capital increase	6.1	-	-
Dividends paid to Gaumont SA shareholders	6.1	-	-3,115
Repayment of capital to non-controlling shareholders of consolidated companies		-	-2,279
Dividends paid to non-controlling interests in consolidated companies		-	-159
Change in treasury shares		-	-
Change in borrowings	6.2	12,308	5,415
Interest paid on borrowings		-5,161	-7,484
Operating and finance lease payments and related interest		-3,287	-2,599
<b>(C) Net cash flow from financing operations</b>		<b>3,860</b>	<b>-10,221</b>
<b>(D) Impact of changes in foreign exchange rates</b>		<b>-1,409</b>	<b>258</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS: (A) + (B) + (C) + (D)</b>		<b>28,750</b>	<b>-44,135</b>
Cash and cash equivalents at beginning of period		85,773	129,831
Bank overdraft at beginning of period		-149	-72
<b>Cash position at beginning of period</b>		<b>85,624</b>	<b>129,759</b>
Cash and cash equivalents at end of period		114,401	85,773
Bank overdraft at end of period		-27	-149
<b>Cash position at end of period</b>	6.2	<b>114,374</b>	<b>85,624</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>		<b>28,750</b>	<b>-44,135</b>

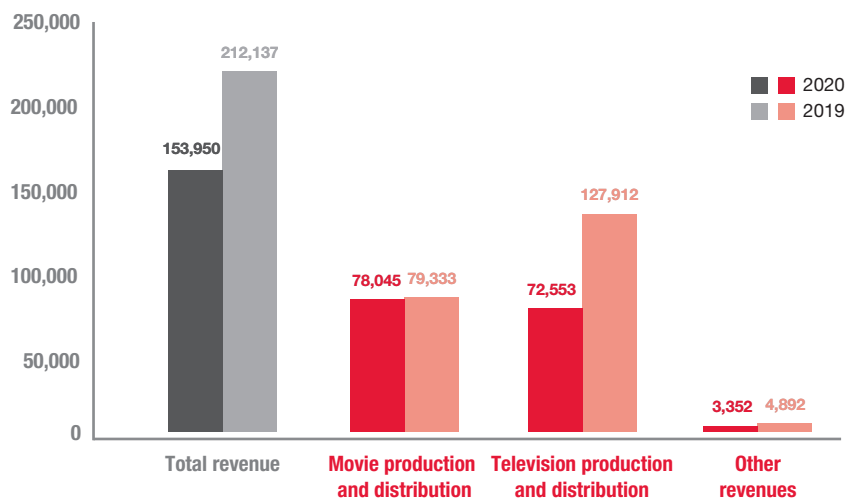


## PERFORMANCE AND BUSINESS REVIEW

### Revenue and breakdown by business

Gaumont's consolidated revenue amounted to k€153,950 in 2020, compared with k€212,137 in 2019. Revenue by business activities breaks down as follows:

*in thousands of euros*



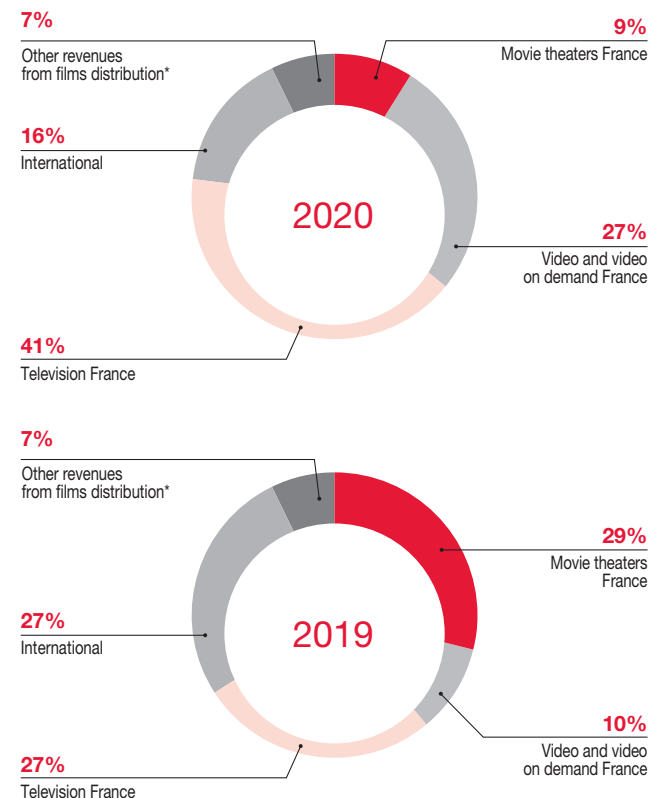
The share of consolidated income attributable to shareholders of the parent represented a loss of -k€16,773 in 2020, versus a loss of -k€38,509 in 2019.

The Group's performance in 2020 was marked by the consequences of the COVID-19 pandemic but benefited from a favorable comparison effect with the result of 2019, which included a depreciation charge of -k€21,000 resulting from a one-off revision of the expected future receipts.

### Movie production and distribution

Revenue from the cinema production and distribution business amounted to k€78,046 in 2020 compared to k€79,333 in 2019, while income from the business, including dedicated financing cost, before overheads, amounted to k€25,385 in 2020, compared to k€13,220 in 2019.

Revenue from the cinema production and distribution business breaks down by operating medium as follows:





### Movie theater distribution

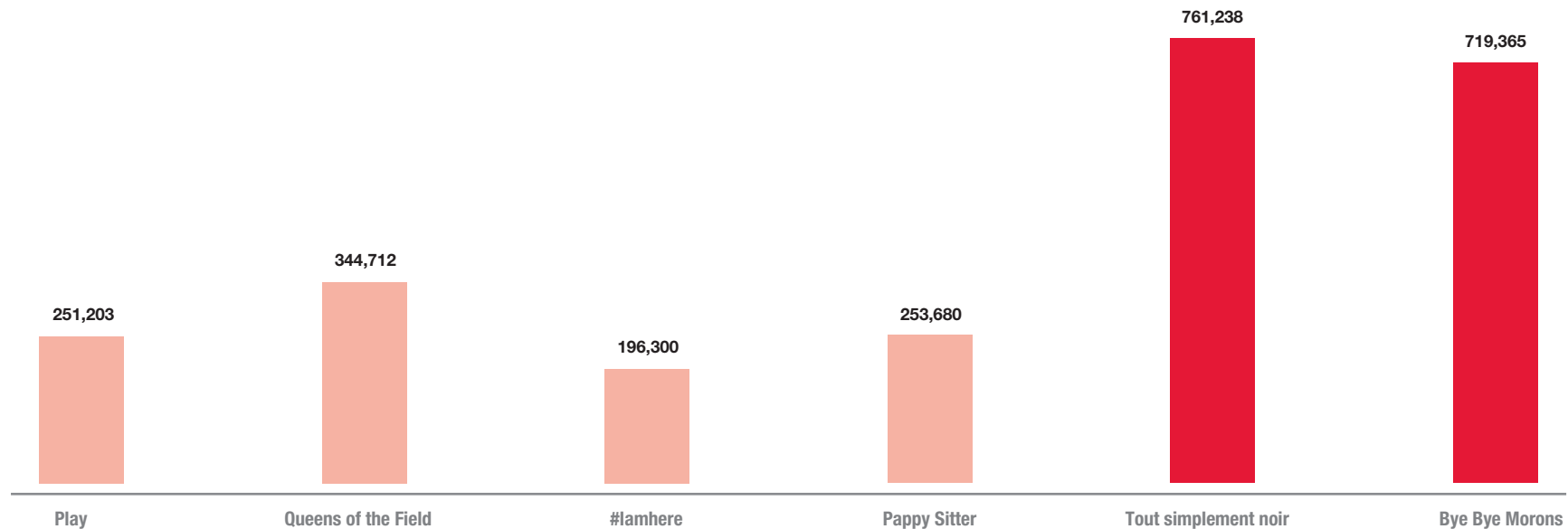
Revenue from the release of films in movie theaters in France stood at k€7,351 as of December 31, 2020 compared to k€23,149 as of December 31, 2019.

The closure of French movie theaters for 162 days, between March 15 and June 21, 2020 and then from October 30 onward, led to an adjustment of the film release plan. The introduction of local and national curfews also disrupted the activity of movie theaters when they were open in the fourth quarter.

Six feature films were released in movie theaters in 2020:

- *Play*, directed by Anthony Marciano, starring Max Boublil and Alice Isaaz;
- *Queens of the Field*, directed by Mohamed Hamidi, starring Kad Merad, Alban Ivanov, Céline Sallette, Sabrina Ouazani and Laure Calamy;
- *#Iamhere*, directed by Éric Lartigau, starring Alain Chabat, Doona Bae and Blanche Gardin;
- *Papi-Sitter*, directed by Philippe Guillard, starring Gérard Lanvin and Olivier Marchal;
- *Tout simplement noir*, directed by Jean-Pascal Zadi and John Wax, starring Jean-Pascal Zadi and Fary;
- *Bye Bye Morons*, directed by Albert Dupontel, starring Virginie Efira, Albert Dupontel and Nicolas Marié.

These six films along with those released in 2019 and still on their run in the first quarter of 2020, sold a total of 2.7 million cinema tickets, compared with 8.7 million sold by the ten films released in the previous year. The breakdown of the number tickets sold by film released in 2020 breaks down as follows;



The distribution of *Papi-Sitter* was interrupted on March 15, 2020, ten days after its release, when movie theaters closed to the public due to the health emergency. This film was rescheduled after theaters reopened on June 22, 2020.

*Bye Bye Morons* was scheduled for nine days before movie theaters closed on October 30, while a curfew was imposed on part of the country.



### Sales of television broadcasting rights

Revenue from sales of broadcasting rights to French television channels amounted to k€31,757 as of December 31, 2020, compared to k€21,533 as of December 31, 2019.

2020 revenue corresponds to the opening of release windows for 233 films compared to 180 in 2019 due to the increase of acquisition of rights by television channels during lockdown and curfew periods. During the lockdown in the first half of 2020, in particular, the television channels scheduled movies during the day and in the evening in order to compensate for the lack of sports programs and new series.

Income from first television broadcasting rights for the films *Three Days and a Life*, *Rolling to You* and *The Death of Staline* contributed k€3,416 to revenues in 2020.

### Video publishing and video on demand

Revenue from video on demand and video publishing amounted to k€20,834 in 2020, compared with k€8,010 in 2019. In 2020 it includes proceeds from the sale of broadcasting rights of *Bronx* to Netflix. In addition to the effect of this sale, the lockdown and curfews had a favorable effect on VOD works sales. In 2020, the best-selling new products in VOD were *School life*, *J'accuse*, *The Specials* and *Pappy Sitter*.

Physical video sales were down in 2020. The downward trend in the market for several years was further affected by the closure of retail outlets during lockdown periods.

### Export sales of rights

Revenue from export film distribution amounted to k€12,919 in 2020 compared with k€20,977 in 2019. The decrease in the volume of activity is mainly due to the health crisis that resulted in the closure of movie theaters around the world. The most promising new titles for export in 2020 were *#Iamhere*, *The Specials* and *School Life*. Export sales of catalog titles remained stable, excluding remuneration linked to the success of remakes in movie theaters, for distribution to television channels and for VOD.

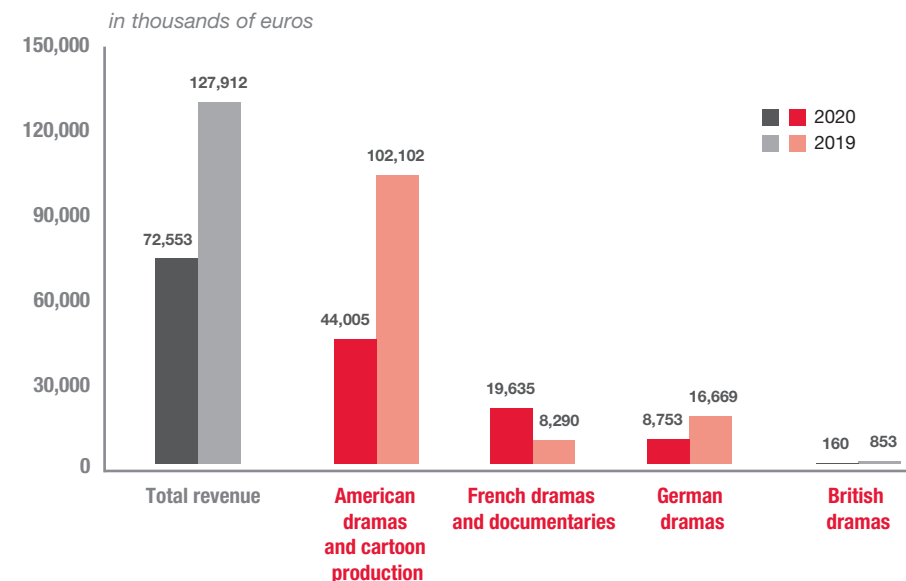
### Other movie distribution channels

Revenue from these distribution channels amounted to k€5,184 in 2020 compared with k€5,664 in 2019. It includes revenues from the sales of goods, distribution of archival images by GP Archives, music publishing, and sales of spin-off products.

### Television production and distribution

Revenue from the television works production and distribution business came to k€72,553 in 2020, versus k€127,912 in 2019, and income of the business, before overheads, including dedicated financing costs, stood at k€10,827 in 2020, compared with -k€1,854 in 2019. Income in 2019 included a depreciation and amortization expense of -k€18,700 resulting from a one-off revision of expected future receipts on a certain number of titles.

Revenue by business activities breaks down as follows:





Nine programs were delivered in 2020, compared to eight in 2019:

- the American drama series *F is for family – Season 4*, delivered to Netflix and launched by the operator in June 2020;
- the American documentary series *Trial 4*, delivered to Netflix and launched by the operator in November 2020;
- the youth cartoon series *Stillwater*, partly delivered to Apple and launched by the operator in December 2020;
- the French documentary series *Move*, delivered to Netflix and launched by the operator in October 2020;
- the French drama series *Lupin: in the Shadow of Arsène – Season 1*, partly delivered to Netflix and launched by the operator in January 2021;
- the French drama series *The Art of Crime – Season 4*, delivered to France Télévisions;
- the German one-off special *9 Tage wach*, delivered to ProSieben;
- the German series *Barbarians*, delivered to Netflix and uploaded by the operator in October 2020;
- the British series *Tin Star – Season 3*, delivered to Sky.

Revenue and income for 2020 were penalized by the postponement until 2021 of the delivery of the series *Narcos Mexico – Season 3* initially planned for 2020. This was a direct consequence of the suspension of filming in the first quarter of 2020 due to the global health crisis and led to an unfavorable comparison effect compared to the previous year, during which the series *Narcos Mexico – Season 2* was delivered.

The decline in revenue was also due to a decrease in second-cycle sales. The comparison effect was unfavorable with 2019, the year in which the rights were released for *Narcos*.

Revenue and income include income and expenses recognized on the percentage of completion of a certain number of ongoing productions, such as the feature film *High in the Clouds*, in production in the United States for Netflix, the series *Opérations Totems*, in production in France for Amazon, and the series *Westwall*, in production in Germany for ZDF.

## Holding and real estate activities

Revenue from holding company and real estate activities amounted to k€1,784 in 2020 compared to k€3,361 in 2019, while income from the business, including dedicated financing costs, before overheads, amounted to k€525 in 2020 compared to k€1,874 in 2019. The decline in business performance was directly linked to the closure of cinemas in France for 162 days in 2020 and the drop in attendance observed during the opening periods, which led to a significant decrease in income from trademark royalties in 2020.

## Overheads and other comprehensive income

Revenue linked mainly to services provided on behalf of third parties amounted to k€1,567 in 2020 compared to k€1,531 in 2019. The net overheads of the various operational activities as well as the functional and central services amounted to k€47,424 in 2020 compared to k€49,127 in 2019. In France, the United States and the United Kingdom, government support was introduced as a result of health crisis and the lockdowns. In addition, the Group took advantage of the furlough scheme in France.

67% of net overheads corresponds to employee compensation expenses.

The average workforce in 2020 is composed of 242 full-time equivalent workers, and breaks down as follows:

BUSINESS SEGMENT	2020			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Gaumont SA	54	81	135	56	85	141
Feature film production and distribution subsidiaries <sup>(1)</sup>	9	7	16	6	6	12
Animated films and series production	6	7	13	5	5	10
Television series and drama production	28	43	71	26	33	59
Distribution of cartoon series, animated films and television drama	2	5	7	4	9	13
<b>AVERAGE WORKFORCE</b>	<b>99</b>	<b>143</b>	<b>242</b>	<b>97</b>	<b>138</b>	<b>235</b>
<i>France</i>	70	101	171	72	101	173
<i>Germany</i>	3	9	12	2	6	8
<i>United Kingdom</i>	4	7	11	3	5	8
<i>United States</i>	22	26	48	20	26	46

(1) Archive images management companies are included in this scope.

The net cost of financing general needs amounted to k€5,213 in 2020 compared to k€2,801 in 2019.

Income included a current income tax expense of k€313 in 2020, compared with k€241 in 2019, and deferred tax expense of k€561 in 2020, compared with deferred tax income of k€390 in 2019.



## Cash flows and financial structure

### Cash flows

As of December 31, 2020, the Group had k€114,374 in cash, compared with k€85,624 at the beginning of the year, *i.e.* a positive change of k€28,750.

In 2020, current business activities generated k€95,279 in net positive cash flows, *versus* k€124,310 in 2019.

### Investment activities

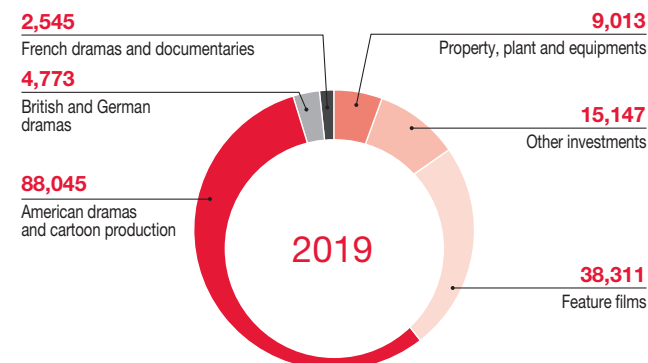
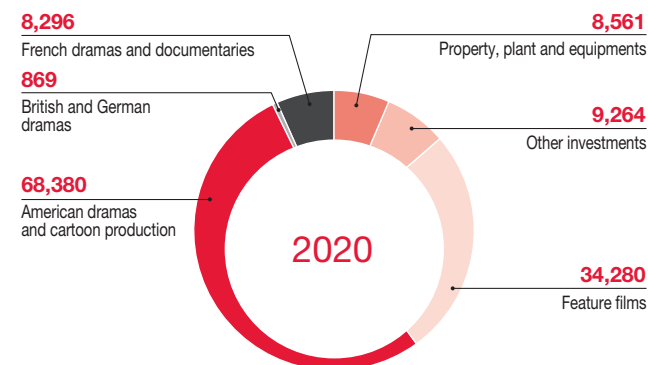
Net cash flows allocated to investments amounted to k€68,981 at December 31, 2020, against k€158,482 at December 31, 2019.

Over the last two years, investments were as follows:

<i>(in thousands of euros)</i>	2020	2019
Intangible assets	111,887	133,699
Property, plant and equipment	8,561	9,013
Non-controlling financial assets	48	39
Acquisition of shares in consolidated companies	9,154	15,083
<b>TOTAL INVESTMENTS</b>	<b>129,650</b>	<b>157,834</b>

Investments in intangible assets are mostly made up of investments in feature film and television program production. The volume of investments varies from one year to another depending on the type and number of ongoing projects.

Investments by nature are presented below *(in thousands of euros)*.





#### INVESTMENTS IN SUBSIDIARIES AND EQUITY INTERESTS

At the beginning of March 2020, Gaumont USA Inc acquired the remaining interests of non-controlling shareholders in Gaumont Television USA for a net amount of k\$2,500.

The last settlement, amounted to k\$8,000, of the liability for the acquisition of 15% of Gaumont Television USA from minority interests have been paid during 2020.

#### Financing activities

In 2020, cash flows from financing activities included an increase in the debt of k€12,308 and loan interest payments of k€5,161.

Financing flows also include repayments of lease and finance lease liabilities, recorded under liabilities in the statement of financial position. These cash flows amounted to k€3,287 in 2020.

#### Equity

Consolidated equity stood at k€213,346 as of December 31, 2020, versus k€230,192 as of December 31, 2019. The decrease in equity is mainly related to net income.

The consolidated financial position stood at k€505,216, against k€532,952 in the previous year.

#### Net borrowings

The Group's net borrowings came to k€9,532 as of December 31, 2020, versus k€30,362 as of December 31, 2019. This mainly includes k€114,401 in cash, the Gaumont SA bond for k€60,000 and k€56,227 of self-liquidating production loans based on proceeds from pre-financing and the release of American and German series.

In March 2020, Pathé prepaid the final instalment of k€63,333 for the sale of the Gaumont shares in Les Cinémas Pathé Gaumont.

In France, based on its growth policy, Gaumont estimates that its available cash, operating cash flows, and the bond will cover its financing requirements, excluding any acquisitions.

In the United States and Europe, the Group has to take out bank loans to finance its productions and uses the assignment of receivables to fund new projects. These borrowings are guaranteed solely by the rights and receivables attached to the assets financed.

The Group believes that it has adequate means to honor its commitments and to guarantee the continuity of its business.

#### Bond and syndicated loan

For its general needs, Gaumont has a bond in the form of a listed euro private placement (EuroPP) totaling k€60,000, with three financial ratios to be met every six months.

The features of the bond and the accompanying ratios are set out in notes 6.2 and 7.1 to the consolidated financial statements, respectively.

#### Self-liquidating production loans

To finance American series, Gaumont Television USA and Gaumont Animation USA production subsidiaries take out production loans with American credit institutions specialized in financing production companies. They are exclusively allocated to financing the series concerned and are guaranteed until the amount borrowed, interest and related charges are recovered, by pledging the assets financed and all of the pre-sales, tax credit and sales contracts, with no further guarantee given. The loans include a completion guarantee contract signed with a company specialized in audiovisual production.

The outstanding loans totaling k\$121,422 were granted to the subsidiaries of Gaumont Television USA and Gaumont Animation USA to finance season 6 of *Narcos*, season 5 of *F is for Family* and *Usagi*. As of December 31, 2020, there was a cumulative outstanding balance of k\$68,210 and a total available balance of k\$53,212.

In Germany, Gaumont took out a loan to finance the production of the series *Westwall* for a total amount of k€9,000. The loan is intended to finance the work and all rights and revenues under the contract with the main broadcaster are provided as collateral to the credit institution. As of December 31, 2020, the outstanding loan stood at k€1,050, with an available balance of k€7,950.

#### Assignments of receivables

In order to finance French productions, Gaumont makes regular use of the assignment of receivables under the Dailly Law. Assignments within the framework of these contracts are generally linked to pre-financing the production, such as pre-sales to the main broadcaster, contributions of co-producers, or allowance from the support funds to the audiovisual industry. As of December 31, 2020, all assigned receivables had been recovered.

In the United States, Gaumont entered into a receivables assignment agreement for a maximum authorized amount of k\$50,000 to finance the development of its new projects. This line of credit is based on the series' operating receivables, with the exception of receivables pledged to production loans. As of December 31, 2020, the debt related to these assigned receivables amounted to k\$1,560 and the unused amount of these loans stood at k\$5,105.

Detailed characteristics of these loans are set out in note 6.2 to the consolidated financial statements.

#### Other borrowings

Other borrowings included, in particular, debt to the Caisse des dépôts et consignations in respect of its investment in the back catalog restoration and digitization program, which totaled k€4,647 as of December 31, 2020.



## Outlook

### Future releases and deliveries

In 2020, the Group put in place measures to organize work and shootings adapted to the health crisis and intends to continue its activities of production of new works and operation of the catalog in 2021, adapting to any possible changes in the situation.

The main uncertainty relates to the lack of visibility regarding the date and conditions for the reopening of cinemas in France and worldwide, which will penalize the Group's activity in the first half of 2021.

With regard to the theatrical releases of feature films, the program will be set in an evolving manner over the course of the year.

Six films initially scheduled for release in 2020 will be scheduled for 2021 or 2022:

- *Aline!* directed by Valérie Lemercier, starring Valérie Lemercier, Sylvain Marcel and Danielle Fichaud;
- *Family swap*, directed by Jean-Patrick Benes, starring Franck Dubosc and Alexandra Lamy;
- *Hold me tight*, directed by Mathieu Amalric, starring Vicky Krieps and Arieh Worthalter;
- *Vicky and her Mystery*, directed by Denis Imbert, starring Vincent Elbaz and Marie Gillain;
- *Rosy*, a documentary directed by Marine Barnérias;
- *Lost Illusions*, directed by Xavier Giannoli, starring Benjamin Voisin, Cécile de France, Vincent Lacoste, Xavier Dolan, Jeanne Balibar and Gérard Depardieu.

Other films that were fully completed at December 31, 2020 or are in production may be added to the list of releases.

With regard to television programs, the delivery of four series originally scheduled for 2020 has been postponed until 2021:

- *Do, Re & Mi*, for Amazon (ongoing US production);
- *Narcos Mexico – Season 3*, for Netflix (US production, shooting interrupted in the first half of 2020 and currently underway);
- *Plan B*, for TF1 (French serie, in postproduction);
- *Westwall*, for ZDF (German production, in postproduction).

The following series are also in production and scheduled for delivery in 2021:

- *Stillwater*, for Apple (cartoon production, partial delivery in 2020);
- *Bionic Max*, for Gulli (cartoon production, currently in production);
- *Lupin: in the shadow of Arsène*, for Netflix (French series, partial delivery in 2020);

- *Lords of scam*, for Netflix (French documentary series, currently in production);
- *Nona and her daughters*, for Arte and SWR (French series, in postproduction);
- *What Pauline does not tell you*, for France Télévisions (French series, in preproduction);
- *The Art of Crime - Season 5*, for France Télévisions (French series, in preproduction);
- *Frau Sonntag bewährt sich*, for ARD (German production, in postproduction);
- *Die Wespe*, for SKY (German production, in preproduction).

Delivery of the series *Opérations Totems* initially planned for 2020 are postponed until 2022, the start of shooting having been postponed to the first quarter of 2021.

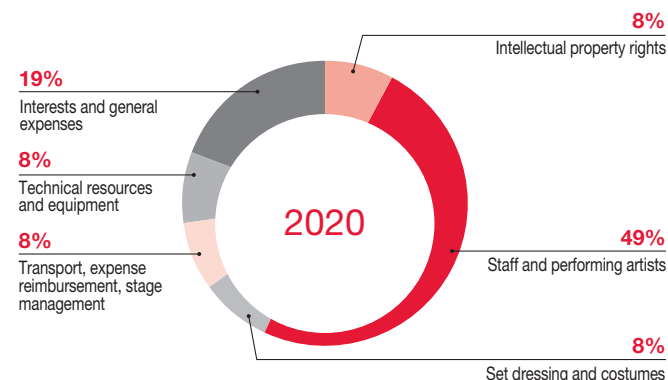
Gaumont is not aware of other risks and uncertainties other than those referred to above for the 2021 fiscal year.

### Production costs and coverage rate

#### Cinema production

##### BREAKDOWN OF PRODUCTION COSTS

During 2020, Gaumont produced or co-produced 8 feature films. The total average expenses for all the films in which Gaumont invested breaks down as follows:



On average, 40% to 50% of the production costs of feature films are payments to staff and performing artists.





The breakdown by profession of contract workers in the production of films where Gaumont is line producer, is as follows:

CONTRACT WORKERS BY PROFESSION	2020	2019
Technicians	272	275
Artists and Actors	43	192
Extras	433	1,257
<b>TOTAL WORKFORCE</b>	<b>748</b>	<b>1,724</b>
Number of hours <sup>(1)</sup> (in thousands)	63	85

(1) The daily number of hours worked depends on the collective agreement, the duration of the contract and the duties of each contract worker.

#### COVERAGE RATE OF FILM PRODUCTION

Investments for films that are due to be released in 2021 amount to approximately k€26,000.

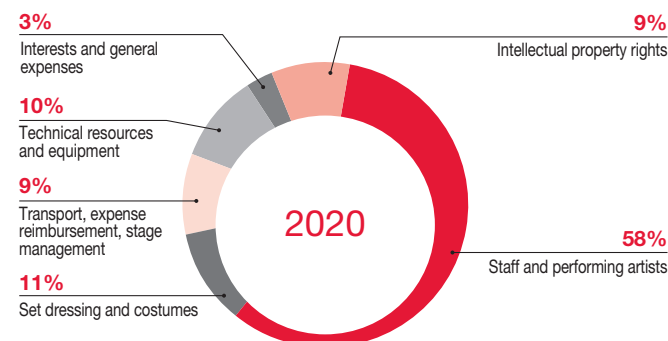
The release program for 2021 does not currently include any films where Gaumont is line producer. Gaumont has favored lump-sum investments for the films in question, thus limiting its risk of exposure to the contingencies of time and surplus production costs. Most of the cost of the film and pre-financing, such as contributions and pre-sales, is recognized by the executive producer in charge of line production.

As of December 31, 2020, as a result of the inability to release films during the period when movie theaters were closed for health reasons, the release program for 2021 and 2022 currently consists of seven finalized films and eleven in editing or post-production.

## European television production

### BREAKDOWN OF PRODUCTION COSTS

In 2020, Gaumont and its subsidiaries produced around 26 hours of European television dramas representing a total budget of €37 million. The breakdown of this budget by cost type is as follows:



On average, more than half of the production costs of European television dramas are payments to staff and performing artists.

The breakdown of contract workers in the production of French television dramas is as follows:

CONTRACT WORKERS BY PROFESSION	2020	2019
Technicians	898	313
Artists and Actors	204	122
Extras	2,511	537
<b>TOTAL WORKFORCE</b>	<b>3,613</b>	<b>972</b>
Number of hours <sup>(1)</sup> (in thousands)	237	67

(1) The daily number of hours worked depends on the collective agreement, the duration of the contract and the duties of each contract worker.

#### COVERAGE RATE OF EUROPEAN TELEVISION DRAMA PRODUCTION

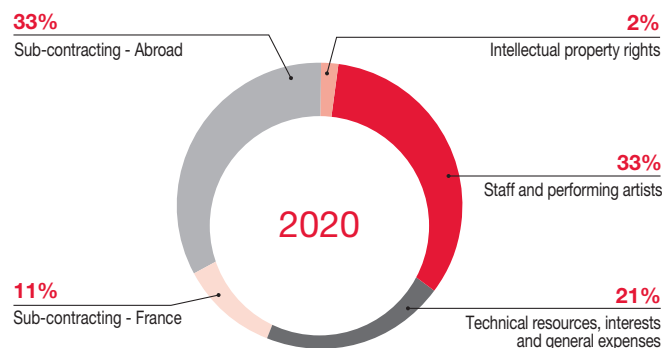
The total coverage rate for French internal productions scheduled for delivery in 2021 is more than 100% for French television dramas including tax credit and 100% for German television dramas, as of the date of the decision to go into production.



## Cartoon production

### BREAKDOWN OF PRODUCTION COSTS

In terms of its cartoon production, Gaumont have engaged €19 million of production costs in 2020 on an accumulated production budget of €113 million for seven cartoons. The breakdown of this budget by cost type is as follows:



The breakdown by profession of contract workers employed by Gaumont and its subcontractors in cartoon production, is as follows:

CONTRACT WORKERS BY PROFESSION	2020	2019
Technicians	484	497
Artists and Actors	32	89
Extras	3	3
<b>TOTAL WORKFORCE</b>	<b>519</b>	<b>589</b>
Number of hours <sup>(1)</sup> (in thousands)	588	423

(1) The daily number of hours worked depends on the collective agreement, the duration of the contract and the duties of each contract worker. For example: technicians work 7 hours a day in cartoon production in France and between 8 and 12 hours, depending on the contracts, in American cartoon productions.

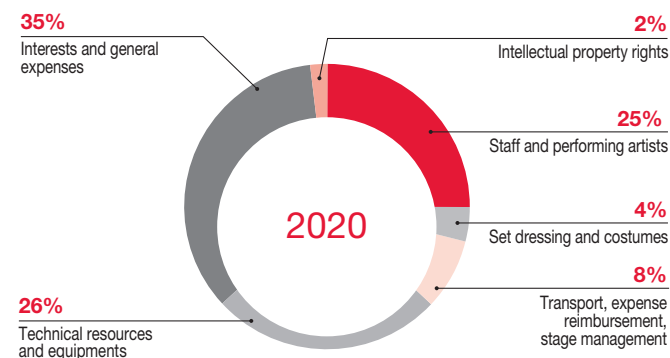
### COVERAGE RATE OF CARTOON PRODUCTION

The total coverage rate for cartoon series scheduled for delivery in 2021 is more than 100%, as of the date of the decision to go into production.

## American television production

### BREAKDOWN OF PRODUCTION COSTS

In 2020, Gaumont and its subsidiaries produced around 6 hours of American dramas representing a total budget of €35 million. The breakdown of this budget by cost type is as follows:



The breakdown of contract workers employed by Gaumont and its subsidiaries for the production of American television dramas is as follows:

CONTRACT WORKERS BY PROFESSION	2020	2019
Technicians	643	594
Artists and Actors	169	251
Extras	6,456	10,522
<b>TOTAL WORKFORCE</b>	<b>7,268</b>	<b>11,367</b>
Number of hours (in thousands)	940	621

### COVERAGE RATE OF AMERICAN TELEVISION DRAMA PRODUCTION

The total coverage rate for American productions scheduled for delivery in 2020 is more than 100%, as of the date of the decision to go into production.

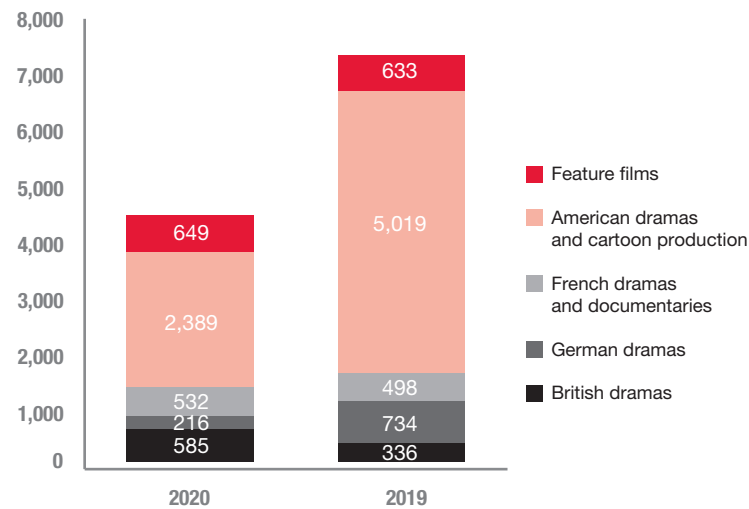


## Development costs

Development costs are all costs related to feature films, cartoon series or television dramas incurred prior to making the final decision to invest in this project. These may be copyrights, option purchase, finding a shooting location, documentary research, etc. Related costs are expensed as soon as they are incurred. They have to be considered in addition to investments.

For 2020, preliminary costs totaled k€4,371, versus k€7,220 in 2019, and were divided up into the different business segments as follows:

*in thousands of euros*





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 1. Presentation of the consolidated financial statements

### 1.1. Impact of the health crisis

2020 saw the declaration of a health emergency in France and all other countries where the Group operates. This had two main impacts on operations: first, the closure of movie theaters to the public; second, the temporary halt in shooting; which led to the early interruption of the distribution of two films, adjustment to the movie release schedule and a postponed delivery of the Group's productions. These effects were partly mitigated by the level of sales of catalog films, boosted by demand from television channels during lockdown periods. At this stage, the health crisis and its consequences did not result in a permanent loss of business and Gaumont considers that it has adequate means to honor its commitments and to guarantee the continuity of its business, particularly in view of the low level of its net borrowing cost at the end of the period.

Effects of this crisis on the period revenues vary depending on the mode of exploitation of the works. For better clarity, their detailed description is provided in support of the consolidated revenue figures set forth in note 3.2.

Group assets have been considered with close attention with regard to a potential loss of value due to health crisis. No indication of impairment was detected for goodwill as presented in note 2.4. Concerning movies and audiovisual rights, the periodic review of revenue estimates did not reveal any significant changes in their recoverable value compared to December 31, 2019.

Films in progress or completed and not delivered were also subject to estimates taking into account the uncertainty surrounding the conditions and 2021 release schedule. On a basis of a decrease of a number of admissions in movie theaters, the Group has constated an impairment totaling €3,150 of which modalities are presented in note 4.1.

The other miscellaneous impacts of this crisis on financial items, including government support received, are presented in the various notes to the consolidated financial statements. Reader should particularly refer to notes 3.3, 3.4, 4.3, 5.2 and 5.3.

### 1.2. General principles

Pursuant to Regulation (EC) No. 1606/2002 of July 19, 2002, Gaumont's consolidated financial statements for the year ended December 31, 2020 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable on that date.

The accounting principles used to prepare the consolidated financial statements comply with IFRS standards and interpretations as adopted by the European Union on December 31, 2020 and available from the website: [https://ec.europa.eu/info/index\\_en](https://ec.europa.eu/info/index_en).

These accounting principles are consistent with those used when preparing the annual consolidated financial statements for the reporting period ended December 31, 2019, with the exception of the IFRS standards and IFRIC interpretations applicable from January 1, 2020 and standards possibly applied in advance, the details and individual impact of which are described in note 1.3.

The consolidated financial statements are presented in thousands of euros, unless otherwise specified.



### 1.3. Changes to the IFRS accounting principles

#### Impact of IFRS standards and IFRIC interpretations applicable from January 1, 2020

Impact of IFRS and IFRIC interpretations applicable to the Group from January 1, 2020 are presented below.

STANDARD		APPLICATION DATE <sup>(1)</sup>	IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GAUMONT GROUP
Amendments to IFRS 3	Business combinations	01/01/2020	No impact
Amendments to IAS 1 and IAS 8	Definition of material	01/01/2020	No impact
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate benchmark reform	01/01/2020	No impact

(1) Unless otherwise specified, applicable to reporting periods beginning on or after the date indicated (date of IASB application).

#### Expected impact of texts adopted by the European Union and not yet compulsory as of December 31, 2020

Gaumont does not expect any material impact from the application of other standards or interpretations adopted and not yet compulsory.

#### Consequences for the Group of standards, amendments and interpretations published by the IASB but not yet adopted by the European Union as of December 31, 2020

STANDARD		APPLICATION DATE <sup>(1)</sup>	IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GAUMONT GROUP
IFRS 17	Insurance policies	01/01/2023	Not applicable
Amendments to IAS 1	Classification of liabilities as current or non-current and disclosure requirements in general principles	01/01/2023	No significant impact on the consolidated financial statements
Annual improvements	2018-2020 cycle	01/01/2022	No significant impact on the consolidated financial statements
Amendments to IAS 8	Definition of accounting estimates	01/01/2023	No significant impact on the consolidated financial statements

(1) Unless otherwise specified, applicable to reporting periods beginning on or after the date indicated (date of IASB application).

Gaumont has decided to not use the option proposed by the European Commission for early application of some standards or interpretations not yet adopted.



## 1.4. Measurement and presentation of the consolidated financial statements

### Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared according to the historical cost principle, with the exception of some land and buildings measured at fair value at January 1, 2004. Moreover, some of the IFRS standards may provide for other measurement principles applicable to specific categories of assets and liabilities. Measurement principle used for each category of assets and liabilities are described in the corresponding notes.

### Use of estimates

When preparing the consolidated financial statements, Group Management made estimates relying on assumptions that could have an impact on the value of assets and liabilities at the reporting date and on income and expenses for the period. The estimates are based on past experience and other factors deemed to be reasonable in view of the circumstances. They form a basis for determining accounting values of assets and liabilities which cannot be directly obtained from other sources. These estimates are re-examined on an ongoing basis. However, the final amounts appearing in Gaumont's future consolidated financial statements may differ from the amounts currently estimated.

Using of estimations concerns, in particular, measurement of property, plant and equipment and intangible assets, accumulated amortization of films, measurement of the loss of value on financial assets, recognition of deferred tax assets, and current and non-current provisions. Specifications relating to the estimates are provided in the notes.

### Foreign currency translation

#### FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

The functional currency of foreign subsidiaries is the local currency, defined as the currency of the economic environment in which the entity operates.

The financial statements of these subsidiaries are converted into euros, the operating currency of the parent company, when being integrated into the consolidated financial statements. In accordance with IAS 21, their statement of financial position is translated into euros at the closing rate, and their income statement is translated at the average exchange rate of the period concerned. Differences resulting from the translation are recognized as translation adjustments in consolidated equity and reported to the net income when the entity ceases to be consolidated.

#### FOREIGN CURRENCY TRANSACTIONS

IAS 21 "Effects of changes in foreign exchange rates" defines recognition and measurement of transactions in foreign currencies. Pursuant to this standard:

- transactions denominated in foreign currencies are translated into local currency at the exchange rate on the date of the transaction;
- monetary items in the statement of financial position are remeasured at the closing rate at each reporting date and the relevant translation adjustments are recognized in income statement;
- translation adjustments on a monetary item that is part of a net investment in a foreign entity are recognized in other comprehensive income and reclassified in net income on disposal of the net investment.

### Structure of the consolidated statement of financial position

IAS 1 "Presentation of financial statements" requires current and non-current items to be split out on the statement of financial position.

The breakdown is as follows:

- current assets are those that the Group expects to realize or use in the normal operating cycle. All other assets are deemed to be non-current assets;
- current liabilities are those that the Group expects will be paid in the normal operating cycle. All other liabilities are deemed to be non-current liabilities.

### Presentation of earnings

Operating income integrates current and non-current items related to operations.

The non-current operating income represents non-recurring operations not directly related to ordinary activities.

Proceeds from the sale of films, series and the associated audiovisual rights are included in current operating income. Proceeds from the sale of other intangible assets and property, plant and equipment and goodwill impairment losses are included in other non-current operating income and expenses.

Operating income after share of net income of associates also includes the share of net income of associates involved in an activity which is similar to or an extension of the activities of fully consolidated companies.



## 2. Scope of consolidation

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### 2.1. Accounting principles and methods relating to the scope of consolidation

#### Consolidation methods

##### CONTROLLED ENTITIES

An entity is a subsidiary consolidated using the fully-consolidated method when the parent company exercises direct or indirect control on the subsidiary.

In accordance with IFRS 10, there is control when the following criteria are all satisfied:

- the parent company has power over an entity;
- the parent company is exposed or has the right to variable returns depending on the performance of the entity, from its involvement with the entity;
- the parent company has the ability to use its power to affect the amount of the returns it obtains from the entity.

Power is defined as the existing rights of all types conferring on the parent company the current ability to direct the relevant activities of the entity, independently of the actual exercising of these rights. Relevant activities are those that significantly affect the entity's returns.

The parent company must present consolidated financial statements in which the assets, liabilities, equity, income, expenses and flows of the parent company and its subsidiaries are measured and recognized using uniform accounting methods as those of a single economic entity.

Subsidiaries are consolidated from the date on which the parent company obtains control. Changes to the percentage of interest in a subsidiary which do not result in the loss of control are equity transactions. When the parent company loses control of a subsidiary, the assets and liabilities of this subsidiary are derecognized from the consolidated financial statements, and the profit or loss related to the loss of control is recognized in the income for the year. If appropriate, the residual investment retained in the entity is measured at fair value on the date of loss of control.

A non-controlling interest, defined as the share in equity of a subsidiary not attributable, directly or indirectly, to the parent company must be presented separately from the equity attributable to the parent company's shareholders.

One parent company only can control a subsidiary. In the event of collective control, no investor is deemed to have sole control of the entity, and each investor recognizes its interest in the entity using the method recommended by the applicable standard. A non-controlled entity can be classified as a joint arrangement pursuant to IFRS 11, associate or joint venture pursuant to IAS 28 revised, or a financial instrument pursuant to IFRS 9.

In accordance with IFRS 10, the companies controlled by Gaumont are consolidated. The share of net assets and net income attributable to non-controlling shareholders is shown separately as non-controlling interests on the consolidated statement of financial position and on the consolidated income statement.





## 2.2. Main companies included in the scope of consolidation

NAME AND LEGAL FORM	REGISTERED OFFICE	SIREN	% INTEREST	% CONTROL	CONSOLIDATION METHOD
<b>Holding</b>					
Gaumont SA	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	562 018 002	100.00		FC
Gaumont USA Inc	750 San Vicente Blvd, Suite RW 1000, West Hollywood, CA 90069	United States	100.00	100.00	FC
<b>Cinema production and distribution</b>					
Gaumont Films USA Llc	750 San Vicente Blvd, Suite RW 1000, West Hollywood, CA 90069	United States	100.00	100.00	FC
Gaumont Vidéo SAS	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	384 171 567	100.00	100.00	FC
Gaumont Production SARL	50, avenue des Champs Elysées, 75008 Paris	352 072 904	100.00	100.00	FC
Editions la Marguerite SARL	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	602 024 150	100.00	100.00	FC
Gaumont Musiques SARL	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	494 535 255	100.00	100.00	FC
<b>Production of television dramas and cartoon series</b>					
Gaumont Television USA Llc	750 San Vicente Blvd, Suite RW 1000, West Hollywood, CA 90069	United States	100.00	100.00	FC
Gaumont Télévision SAS	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	340 538 693	100.00	100.00	FC
Gaumont Animation USA Llc	750 San Vicente Blvd, Suite RW 1000, West Hollywood, CA 90069	United States	100.00	100.00	FC
Gaumont Animation SAS	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	411 459 811	100.00	100.00	FC
Gaumont Distribution TV Llc	750 San Vicente Blvd, Suite RW 1000, West Hollywood, CA 90069	United States	100.00	100.00	FC
Gaumont Ltd	56, Berwick Street, London, W1F 8SW	United Kingdom	100.00	100.00	FC
Gaumont GmbH	Kämmergasse 39-4, Köln 50676	Germany	100.00	100.00	FC
Gaumont Production Télévision SARL	50, avenue des Champs Elysées, 75008 Paris	322 996 257	100.00	100.00	FC
Gaumont Production Animation SARL	49-51, rue Ganneron, 75018 Paris	825 337 900	100.00	100.00	FC
Narcos Productions Llc	750 San Vicente Blvd, Suite RW 1000, West Hollywood, CA 90069	United States	100.00	100.00	FC
Leodoro Productions Llc	750 San Vicente Blvd, Suite RW 1000, West Hollywood, CA 90069	United States	100.00	100.00	FC
Usagi Productions Llc	750 San Vicente Blvd, Suite RW 1000, West Hollywood, CA 90069	United States	100.00	100.00	FC
<b>Audiovisual archive management</b>					
GP Archives SAS	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	444 567 218	100.00	100.00	FC

FC: Fully consolidated.

Following a decision taken at its General meeting of March 6, 2020, Gaumont Vidéo changed its legal form from an SNC to a SAS.



### 2.3. Changes in scope

#### Accounting method of business combinations

In accordance with IFRS 3, business combinations are recognized according to the acquisition method. The first time a controlled business is consolidated, the acquired assets and liabilities as well as contingent liabilities are measured at their fair value at the acquisition date.

Optionally for each transaction, goodwill is measured on the date of taking control, either by the difference between the acquisition price and the proportionate share of the assets, liabilities and contingent liabilities measured at fair value, or including the minority interests measured at fair value. This option, known as “full goodwill” results in the recognition of goodwill on non-controlling interests.

Earn outs are included in the acquisition price at fair value on the date of taking control. Subsequent adjustments to this value are recognized in goodwill, if they occur within the twelve-month measurement period, or in profit or loss beyond this date.

The direct acquisition costs are recognized in expenses for the period.

In the case of staged acquisitions resulting in taking control of the entity, the proportionate shares held prior to taking control are remeasured at fair value on the date of taking control. The impact of these revaluations is recognized in profit or loss.

Subsequent changes to the percentage of interest, while control of the acquire company is retained, constitute transactions between shareholders and have no impact on profit or loss or on goodwill. The difference between the redemption price and the proportionate share acquired (or sold) is recognized in equity.

#### Purchase of minority interests in Gaumont Television USA Llc

On February 21, 2018, Gaumont USA Inc acquired an additional 15% share in Gaumont Television USA Llc for k\$24,000, payable in three annual instalments. The last installment for this acquisition was paid during the period. The corresponding liability had been settled as of December 31, 2020.

In addition, in early March 2020, Gaumont USA Inc acquired the remaining interests of non-controlling shareholders in Gaumont Television USA for a net amount of k\$2,500. This transaction is classified as transaction between shareholders and are presented directly in equity.



## 2.4. Goodwill

### Goodwill measurement method

In accordance with IFRS 3, the Group finalizes the analysis of the fair value of assets and liabilities acquired within a maximum of 12 months following the acquisition date.

Goodwill is allocated to the smallest identifiable group of assets or cash-generating units (CGU).

Goodwill is not amortized, but each cash-generating unit or group of CGUs individually undergoes an impairment test at each annual closing. The impairment test is carried out by comparing the recoverable value and the carrying amount of the cash-generating unit(s) to which the goodwill was allocated.

The recoverable value of a cash-generating unit is defined as the higher of the fair value (usually the market price) less costs to sell and the value in use determined using the discounted future cash flow method.

Gaumont defines each entity acquired as a cash-generating unit. When the entities are integrated into a wider operating unit, the CGU is analyzed taking into account the synergies with that unit. As an exception, real estate and holding activities are identified as CGU's within the group due to their nature.

### Monitoring of goodwill

Goodwill resulting from business combinations is as follows:

	12.31.20	MOVEMENTS OF THE PERIOD			12.31.19
		+	-	OTHER <sup>(1)</sup>	
Animation	15,794	-	-	-	15,794
Mitzé Films	856	-	-	-	856
LGM Participations	491	-	-	-	491
<b>Gross value</b>	<b>17,141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,141</b>
Animation	-4,250	-	-	-	-4,250
Mitzé Films	-856	-	-	-	-856
<b>Accumulated impairment losses</b>	<b>-5,106</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-5,106</b>
<b>CARRYING VALUE</b>	<b>12,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,035</b>

(1) Change in rate of interest, write-offs.

As an exception to the accounting principles, the goodwill relating to Gaumont Animation includes acquisition costs, in accordance with IFRS 3, applicable prior to December 31, 2009.

Goodwill is tested for impairment at each reporting date, in accordance with the provisions of IAS 36 and under the assumptions described above.



For the most significant goodwill, the key assumptions are as follows:

	CGU CATEGORY	MEASUREMENT METHOD	DISCOUNT RATE	TERMINAL VALUE	OTHER KEY ASSUMPTIONS	NET VALUE	
						12.31.20	12.31.19
Animation	Animated films and series production	DCF	9.5%/10%	Depending on activities locations <sup>(1)</sup>	Three-year budget <sup>(2)</sup> and going concern	11,544	11,544

(1) Depending on activity locations, the terminal value is calculated (i) by capitalizing a normative cash flow taking into account a perpetual growth rate of 1.5%, or (ii) by applying a multiple of EBIT of 15X.

(2) Budgets are based, as of the date on which they are prepared, on known firm commitments and on significant estimates relating to identified or unidentified projects, as well as on forecasts.

As of December 31, 2020, the net carrying amount of the Cash-Generating Unit (CGU) was lower than its value in use.

The sensitivity of value in use to changes in the principal assumptions is presented below, being specified that these changes would not have the effect to reduce the value in use of the CGU at a lower level than the net book value.

ENTITY VALUE	DISCOUNT RATE		
	-1%	9.5% / 10%	+1%
EV -10%	-5,775	-9,192	-12,147
EV	3,796	-	-3,284
EV +10%	13,368	9,192	5,580

## 2.5. Seller warranties received

For the acquisition of CDG in 2019, Gaumont received a guarantee from the sellers covering disputes and contingent liabilities arising in the period prior to the sale, as well as employee risk, defined as the potential contract termination costs of the employees transferred.

The main guarantee is for a maximum period of 24 months and a maximum amount of k€1,500, except for disputes identified at the acquisition date, which are guaranteed for the total amount of any loss.



### 3. Transactions of the period

#### 3.1. Operating segments

##### Definition of operating segments

The Group's organizational structure is based on its various businesses. Gaumont operates in three business sectors which are its operating segments:

- movie production and distribution, Gaumont's historic activity in France which has now been extended to the United States;
- production and distribution of animated films and series as well as drama series via its subsidiaries in France, the United States and Europe;

- the Group's central real estate management and coordination activities.

Segments used for segment reporting are the same as those used by Executive management, the chief operating decision maker of the Group. Financial control is based principally on performance data. Operating segments are reported without any further grouping. The measurement methods for figures by operating segment are in line with the principles and policies used to prepare the consolidated financial statements.

##### Segment information

###### INCOME STATEMENT

2020	MOVIE PRODUCTION AND DISTRIBUTION	TELEVISION PRODUCTION AND DISTRIBUTION	REAL ESTATE AND HOLDING BUSINESSES	INDIRECT AND UNALLOCATED COSTS	TOTAL
Revenue	78,046	72,553	1,784	1,567	153,950
Operating income from activities excluding overheads	24,352	7,954	525	-	32,827
Overheads	-8,354	-32,747	-	-7,630	-48,727
Income tax	-276	-36	-	-561	-873
<b>NET INCOME</b>	<b>15,722</b>	<b>-24,829</b>	<b>525</b>	<b>-8,191</b>	<b>-16,773</b>

2019	MOVIE PRODUCTION AND DISTRIBUTION	TELEVISION PRODUCTION AND DISTRIBUTION	REAL ESTATE AND HOLDING BUSINESSES	INDIRECT AND UNALLOCATED COSTS	TOTAL
Revenue	78,718	128,527	3,361	1,531	212,137
Operating income from activities excluding overheads	12,683	-2,420	1,876	-	12,139
Overheads	-15,602	-24,641	-598	-9,985	-50,826
Income tax	-204	-26	-11	390	149
<b>NET INCOME</b>	<b>-3,123</b>	<b>-27,087</b>	<b>1,267</b>	<b>-9,595</b>	<b>-38,538</b>



## CONSOLIDATED FINANCIAL INFORMATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

12.31.20	MOVIE PRODUCTION AND DISTRIBUTION	TELEVISION PRODUCTION AND DISTRIBUTION	HOLDING ACTIVITIES AND NON-ALLOCATED	TOTAL
Goodwill	491	11,544	-	12,035
Films and audiovisual rights	83,584	74,760	-	158,344
Other intangible assets	160	6	-	166
Property, plant and equipment	63,516	11,373	-	74,889
Other financial assets	34	119	14	167
Non-current deferred tax assets	-	-	3,761	3,761
Inventories	356	-	-	356
Trade receivables	36,265	48,588	-	84,853
Current income tax assets	7,738	1,004	-	8,742
Other receivables and current financial assets	31,098	16,404	-	47,502
Cash and cash equivalents	94,520	19,881	-	114,401
<b>TOTAL ASSETS</b>	<b>317,762</b>	<b>183,679</b>	<b>3,775</b>	<b>505,216</b>
Equity	-	-	213,346	213,346
Non-current provisions	4,898	4,351	-	9,249
Non-current deferred tax liabilities	1,499	1,322	-	2,821
Non-current borrowings	-	52,032	75,393	127,425
Other non-current liabilities	-	-	-	-
Current provisions	558	150	-	708
Current borrowings	-	4,188	5,543	9,731
Trade payables	8,829	2,412	-	11,241
Current income tax liabilities	-	-	-	-
Other payables	51,247	33,276	-	84,523
Deferred income and contract liabilities	17,567	28,605	-	46,172
<b>TOTAL LIABILITIES</b>	<b>84,598</b>	<b>126,336</b>	<b>294,282</b>	<b>505,216</b>
Investments in films and audiovisual rights	34,279	77,546	-	111,825



12.31.19	MOVIE PRODUCTION AND DISTRIBUTION	TELEVISION PRODUCTION AND DISTRIBUTION	HOLDING ACTIVITIES AND NON-ALLOCATED	TOTAL
Goodwill	491	11,544	-	12,035
Films and audiovisual rights	83,489	42,912	-	126,401
Other intangible assets	170	12	-	182
Property, plant and equipment	59,283	12,831	-	72,114
Other financial assets	34	119	26	179
Non-current deferred tax assets	-	-	3,881	3,881
Inventories	358	-	-	358
Trade receivables	40,065	77,906	-	117,971
Current income tax assets	4,429	-	561	4,990
Other receivables and current financial assets	91,639	17,429	-	109,068
Cash and cash equivalents	71,277	14,496	-	85,773
<b>TOTAL ASSETS</b>	<b>351,235</b>	<b>177,249</b>	<b>4,468</b>	<b>532,952</b>
Equity	-	-	230,192	230,192
Non-current provisions	4,415	104	-	4,519
Non-current deferred tax liabilities	1,796	1,218	-	3,014
Non-current borrowings	-	42,139	78,505	120,644
Other non-current liabilities	-	-	-	-
Current provisions	615	-	-	615
Current borrowings	-	7,141	5,660	12,801
Trade payables	15,469	5,700	-	21,169
Current income tax liabilities	143	-	-	143
Other payables	53,988	42,781	-	96,769
Deferred income and contract liabilities	19,991	23,095	-	43,086
<b>TOTAL LIABILITIES</b>	<b>96,417</b>	<b>122,178</b>	<b>314,357</b>	<b>532,952</b>
Investments in films and audiovisual rights	38,311	95,363	-	133,674



## Information by region

### REVENUE

At December 31, 2020, revenue broken down per region by reference to the company that contributes to it is as follows:

	2020	2019
French companies	101,760	94,360
European companies	8,928	17,521
American companies	43,262	100,256
<b>TOTAL</b>	<b>153,950</b>	<b>212,137</b>

Revenue below is broken down by clientele commercialization zone:

	2020	2019
<b>France</b>	<b>70,510</b>	<b>74,255</b>
• Europe	19,096	33,697
• Americas	61,571	99,342
• Asia/Russia	2,098	3,132
• Africa/Middle East	336	1,034
• Rest of the world	339	677
<b>International</b>	<b>83,440</b>	<b>137,882</b>
<b>TOTAL</b>	<b>153,950</b>	<b>212,137</b>

### NON-CURRENT ASSETS

Non-current assets other than financial instruments, deferred tax assets and assets relating to post-employment benefits, are broken down depending on where the consolidated companies are located. The geographical distribution of non-current assets was as follows:

	12.31.20				12.31.19			
	FRANCE	EUROPE	AMERICAS	TOTAL	FRANCE	EUROPE	AMERICAS	TOTAL
Goodwill	12,035	-	-	12,035	12,035	-	-	12,035
Films and audiovisual rights	92,974	672	64,698	158,344	87,026	1,911	37,464	126,401
Other intangible assets	160	6	-	166	170	12	-	182
Property, plant and equipment	65,152	1,256	8,481	74,889	59,499	1,777	10,838	72,114
Other financial assets	167	-	-	167	156	23	-	179
<b>TOTAL NON-CURRENT ASSETS</b>	<b>170,488</b>	<b>1,934</b>	<b>73,179</b>	<b>245,601</b>	<b>158,886</b>	<b>3,723</b>	<b>48,302</b>	<b>210,911</b>

## Information about the Group's major customers

The Group's top ten customers together accounted for 68% of the Group's consolidated revenue. The breakdown between customers varies significantly from one year to the next. In 2020, sales to Netflix accounted for 37% of consolidated revenue. No other single customer contributed more than 10% of the Group's consolidated revenue.





### 3.2. Revenue

#### Recognition of revenue

Revenue is recognized in accordance to IFRS 15. According to this standard, revenue is recognized separately depending on the nature of Gaumont's performance obligations and the rate at which they are satisfied. Where a contract contains several performance obligations, each performance obligation is analyzed separately. Three types of revenue are identified as components of Gaumont's revenue: license sales, royalties and service provision.

Revenue recognized in the income statement is representative of the transactions carried out by Gaumont on its own behalf. When Gaumont acts as agent, the sale proceeds are recognized in the statement of financial position as a liability to the principal and Gaumont's revenue consists solely of the commission received as consideration for the service.

#### LICENSING AGREEMENTS

Sales of broadcasting or distribution rights attached to Gaumont's works based on a lump sum or a guaranteed minimum are analyzed under IFRS 15 as licensing agreements giving rise to a right to use the works as they exist at the date of the sale. This revenue is recognized once Gaumont's performance obligations are satisfied and control over the use of the rights is effectively transferred to the customer, i.e. when all of the following events have occurred:

- the agreement defining the terms and conditions of the sale of rights is signed by all of the parties and enforceable;
- Gaumont's obligations have been fulfilled i.e. delivery has been made at closing date and the material's compliance has been acknowledged by the customer before the reporting date;
- the customer has unrestricted use of the rights acquired.

Where a contract provides for multiple deliveries or where the sale relates to several separate works (or episodes), the price is allocated between the works and the revenues are recognized separately for each work.

#### ROYALTIES

The royalties Gaumont earns from the exploitation of its works by third parties particularly in theaters or on video, as well as the producer's share of proceeds, are recognized when the sale is effectively completed, in accordance with the exception envisaged by IFRS 15.B63 for proportional income derived from intellectual property licenses. These royalties are recognized on receipt of the royalty statements issued by the distributor or the producer in charge of royalties management. Royalties are recognized net of distribution fees that may be imputed to Gaumont and for video sales, net of estimated refunds.

When contracts include both a fixed fee component and variable revenue, each component is measured and recognized separately according to the principles described above.

#### SERVICE PROVISION

Where Gaumont is commissioned to produce a work by a broadcaster and retains no intellectual property rights attached to that work, the service rendered gives rise to revenue recognition on a percentage of completion basis, provided that there is an enforceable right to payment for the service already performed and control over the work is gradually transferred to the customer.

When Gaumont acts as agent, the service is considered to be performed over the term of the contract. The commission is recognized as the sales are made.

#### DETERMINATION OF THE TRANSACTION PRICE

The transaction price is determined by reference to the consideration expected from the contract, whether cash or non-cash. Variable items are also included from the outset in the transaction price, except for royalties, which are recognized according to the principles described above. Fair value of the transaction is considered equal to the agreed consideration, unless the agreement includes a financing component.

When the contract provides for payment terms similar to financing granted to the purchaser, the transaction price takes this component into account if it is material. The revenue is determined by discounting the future cash flows using an imputed interest rate. This rate is determined for each transaction by referring to the prevailing rate that would be obtained by the third party from a credit institution to finance a similar transaction.



## Revenue for the period

	2020			2019		
	FRANCE	ABROAD	TOTAL	FRANCE	ABROAD	TOTAL
<b>Movie production and distribution</b>	<b>64,296</b>	<b>13,750</b>	<b>78,046</b>	<b>57,926</b>	<b>20,792</b>	<b>78,718</b>
Movie theater distribution	7,351	-	7,351	23,149	64	23,213
Video publishing and video on demand	20,834	-	20,834	8,010	465	8,475
Television broadcasting rights	31,757	-	31,757	21,533	22	21,555
International sales	-	12,919	12,919	-	20,426	20,426
Other movie distribution income	4,354	831	5,185	5,234	430	5,664
Feature film production	-	-	-	-	-615	-615
<b>Production and distribution of television series</b>	<b>3,367</b>	<b>69,186</b>	<b>72,553</b>	<b>11,980</b>	<b>116,547</b>	<b>128,527</b>
Distribution of American dramas	787	28,310	29,097	1,323	97,684	99,007
Distribution of French dramas	1,753	363	2,116	3,624	318	3,942
Distribution of European dramas	-	1,807	1,807	-	4,039	4,039
Distribution of animated films and series	827	10,036	10,863	2,686	1,023	3,709
Drama production	-	24,624	24,624	4,347	13,483	17,830
Animated series production	-	4,046	4,046	-	-	-
<b>Trademark royalties</b>	<b>1,051</b>	<b>-</b>	<b>1,051</b>	<b>2,682</b>	<b>-</b>	<b>2,682</b>
<b>Other miscellaneous revenue</b>	<b>1,796</b>	<b>504</b>	<b>2,300</b>	<b>1,667</b>	<b>543</b>	<b>2,210</b>
<b>TOTAL</b>	<b>70,510</b>	<b>83,440</b>	<b>153,950</b>	<b>74,255</b>	<b>137,882</b>	<b>212,137</b>

In 2020, movie production and distribution and television series production and distribution accounted for 51% and 47% of consolidated revenue, respectively.

The closure of French movie theaters between March 15 and June 21, 2020 and from October 30 onward only allowed the release of six films in movie theaters compared to ten films in 2019. The distribution of two films was discontinued following these closures, a little over a week after they were launched. Physical video sales declined due to the closure of retail outlets, whereas the lockdown had a positive impact on video on demand sales. Sales to television channels rose sharply due to the increase in the number of movies broadcast by television channels. Export sales were impacted by the suspension of theatrical releases and the cancellation of major international conventions.

The postponement of the delivery to 2021 of *Narcos Mexico - Season 3*, initially scheduled for 2020 and whose shooting was suspended for part of the year, resulted in a sharp decline in US drama distribution revenue in 2020.

The Group generated 54% of its revenue outside France in 2020, compared with 65% in 2019.

The rent collected as of December 31, 2020, for the rental of part of the Champs-Élysées property, was k€243 and is included in other miscellaneous revenue. The rent collected as of December 31, 2020 for right-of-use assets classified as investment properties stood at k€490 and is also included in other miscellaneous revenue.



### 3.3. Personnel costs

#### Breakdown of personnel costs

Personnel costs include all fixed and variable compensation, employee benefit and share-based payments issued for Gaumont personnel or executive officers.

	2020	2019
Salaries	-31,966	-25,093
Social security contributions	-9,307	-8,321
Employee profit-sharing	-12	-22
Pensions and similar benefits	258	-472
Share based payments expense	-	-
<b>TOTAL</b>	<b>-41,027</b>	<b>-33,908</b>

Compensation includes k€8,370 in salaries paid to contract workers employed in the production to order of films and series as of December 31, 2020, compared with k€3,235 as of December 31, 2019. Related social security contributions totaled k€3,271 as of December 31, 2020, versus k€1,504 as of December 31, 2019.

The Group also took advantage in France of the furlough scheme in 2020, which resulted in a saving of k€417.

In addition, government subsidies received in connection with the health crisis in France and the United Kingdom amounted to k€373. These are presented in "other subsidies".

#### Average workforce broken down by category

The table below gives the workforce of the companies consolidated using the full consolidation method:

	2020	2019
Managers	124	123
Supervisors	50	50
Employees	68	62
<b>TOTAL WORKFORCE</b>	<b>242</b>	<b>235</b>

#### Compensation of corporate officers

Corporate officers as defined by IAS 24 only include individuals who are or were during the year members of the Board of directors or the Executive management.

The gross salaries and benefits prior to social security and tax deductions allocated by Gaumont with respect to the position of corporate officer broke down as follows:

	2020	2019
Total gross compensation <sup>(1)</sup>	1,641	1,960
Post-employment benefits <sup>(2)</sup>	-	-
Termination or end of contract benefits	-	-
Other long term benefits	-	-
Share-based payments <sup>(3)</sup>	-	-

(1) Salaries, bonuses, indemnities, directors' fees and benefits in kind, payable for the year.

(2) Current service cost.

(3) Expense recognized in income statement for Gaumont stock option plans.

No compensation or directors' fees were paid to corporate officers by the controlled or controlling companies within the meaning of article L. 233-16 of the French Commercial code.

Corporate officers did not benefit from any golden hello, golden handshake or supplementary pension plan.

#### Commitments related to employees

Gaumont is engaged toward certain of the American employees within the framework of fixed-term employment contracts. These commitments amounted to k€7,594 as of December 31, 2020, versus k€6,966 as of December 31, 2019.



### 3.4. Other current operating income and expenses

#### Other income and expenses by type

	2020	2019
Audiovisual support fund	6,153	9,909
Other subsidies	2,001	280
Audiovisual and cinema tax credit	9,146	6,653
Distribution costs and other purchases	-7,944	-12,393
Project development	-4,115	-6,877
Inventoried products	-49	-36
Subcontracting	-2,940	-1,177
Rentals and rental expenses	-3,688	-1,743
Outside personnel	-1,778	-1,811
Fees	-6,730	-8,447
Advertising, publications and public relations	-1,102	-2,853
Travel and entertainment expenses	-1,790	-3,167
Other external expenses	-3,382	-4,895
Taxes and similar payments	-2,255	-2,254
Foreign exchange gains and losses on operating activities	-876	167
Copyrights, royalties and similar	-10,292	-7,846
Shares of co-producers and guaranteed minima	-12,385	-28,056
Income from the sale of operating assets	-29	63
Other income and expenses	-160	-6,914
<b>NET OTHER CURRENT OPERATING INCOME/EXPENSES</b>	<b>-42,215</b>	<b>-71,397</b>

#### Public grants

##### FINANCIAL SUPPORT FOR THE FILM INDUSTRY AND AUDIOVISUAL INDUSTRY

Films generate financial support on account of their commercial distribution in movie theaters, their broadcasting on television and their video distribution. The financial support for film production, distribution, exportation and video publishing is recognized in tandem with the revenue of the films that generate the support. It is recognized under assets on the statement of financial position in "Other receivables", offset by an operating income account. The support fund invested in the production of new films is charged against "Other receivables".

The support fund for the audiovisual program industry (COSIP) follows the same rule. Financial support for the production of audiovisual works is recognized as the series and dramas that generate the support are broadcast.

The automatic financial support includes k€4,921 of financial support for film production, distribution, and exportation and k€606 of support for audiovisual production. This item also includes k€626 of grants for digitization of works.

##### OTHER SUBSIDIES

Subsidies received, insofar as they are definitively vested, are recognized in income from the date of the first release in theaters of the relevant films, and, for television productions, from the date of delivery and acceptance of material by the principal television broadcasters.

In the United States, Gaumont group subsidiaries have used support measures granted to small companies to limit the effects of the health crisis and obtain short-term financing. This financing is convertible into subsidies subject to conditions. As of December 31, 2020, subsidies recognized for these support measures amounted to k€900.

##### AUDIOVISUAL AND CINEMA TAX CREDIT

The tax credit granted to production companies is recognized in the consolidated financial statements in current operating income. It is recognized in income, from the first screening of films in theaters or from the date of delivery and acceptance of the broadcasting material in the case of dramas and cartoons, on a prorata basis of the accumulated amortization of the film which it helped finance.

In 2020, this item included k€4,504 related to American series, k€616 for cinema production and k€4,026 for French television production. The amount of tax credits recognized on a deferred basis is posted to liabilities in the statement of financial position.

Tax credits like financial support and operating subsidies are collected by Gaumont and its subsidiaries as part of their activity of producing and distributing works. Their amount varies based on the production number, the shooting location, and for the cinema production support funds, the success of movies in theaters.

#### Operating expenses

The operating costs incurred by the investment properties over the period were k€257 and include costs for securing the premises, energy costs, taxes and miscellaneous professional fees.

Leases have been analyzed with regard to IFRS 16. Expenses meeting the definition of leases were recognized as assets in the statement of financial position. Residual expenses correspond to contracts excluded from the scope of the standard owing to their duration or the absence of a commitment towards the lessor, in particular in the case of productions.

Shares of co-producers and minimum guarantees represent amounts due to co-producers and other partners of a film or series. This item is dependent on the method of financing and the success of the movies and series delivered during the year.



### 3.5. Other non-current operating income and expenses

	2020	2019
Proceeds from disposals of assets	-	110
Carrying amount of assets sold or disposed of	-58	-3
Gains from disposals of investments in consolidated companies	-	-
Earn out adjustments	-	-
Impairment losses on goodwill	-	-
Gains on bargain purchases	-	-
<b>TOTAL</b>	<b>-58</b>	<b>107</b>

### 3.6. Other financial income and expenses

	2020	2019
Income from investments	-	-
Interest expense capitalized	2,612	3,518
Interest from assets and liabilities excluding cash equivalents	2,592	2,727
Discounting effect of liabilities and receivables	129	-217
Proceeds from disposals of non-controlling financial assets	-	-
Accumulated impairment losses and financial provisions	-1	-1
Foreign exchange gains and losses	-1,070	-47
Changes in fair value	292	138
Other financial income and expenses	-26	39
<b>NET OTHER FINANCIAL INCOME/EXPENSES</b>	<b>4,528</b>	<b>6,157</b>

Capitalized interest expenses concern movie and television series productions. They rise and fall in line with the productions each year.

The interest collected includes the financial components of the sales agreements with payment conditions over one year, that may vary depending on the amounts collected in the period. The interest income for the period also includes k€309 in accrued interest on the receivable with Pathé resulting from the disposal of shares of Les Cinémas Pathé Gaumont, for which payment is deferred.

The foreign exchange gains and losses are essentially linked to Gaumont's exposure to changes in the American dollar related to the financing of the American activities.

## 4. Long-term assets and investments

### 4.1. Films and audiovisual rights

#### Principles of recognition of audiovisual rights

##### PRELIMINARY COSTS

Preliminary costs represent the expenses, such as searches for themes, talents and locations required to develop projects, incurred prior to the decision to make the film. These costs are recognized as an expense in the year in which they are incurred.

##### EVALUATION OF FILMS AND AUDIOVISUAL RIGHTS

Films and audiovisual rights include:

- the production costs of works of which the Group is executive producer, intended to be marketed in France or abroad through all audiovisual media;
- French or foreign co-production investments;
- the acquisition value of rights allowing distribution of an audiovisual work;
- the restoration and digitization costs incurred to enable long-term use of works.

The gross value reported as an asset in the financial statement is constituted in particular of:

- the production costs of movies and television programs, net of contributions from co-producers, when the Group was involved as executive producer;
- the amounts invested as lump-sum contributions, when the Group was involved in the production as co-producer;
- the amount of the non-refundable advances paid to the executive producer when the Group was involved as a distributor;
- the acquisition cost of rights when the Group was not involved in the production of the work.

Capitalized cost of works produced includes interest expenses incurred during the production period as well as a portion of overheads that are directly attributable to the production.



#### AMORTIZATION OF FILMS AND AUDIOVISUAL RIGHTS

Films and audiovisual rights are intangible assets with a fixed useful life. The future economic advantages that Gaumont obtains in consideration for the use of these assets largely depends on the success of these works with the public upon the first screening and the artistic characteristics of each work, essential to its commercial potential.

During the screening of films and television programs over time, the income received for license renewals and royalties indicate the public's continued interest or the progressive disinterest in the work, and are directly representative of the expected future economic advantages of the asset.

The proceeds for a period being accordingly directly associated with the progressive consumption of economic advantages associated with these assets, Gaumont deems that the cost-unit amortization, based on the ratio of *net proceeds acquired in the year to total net proceeds*, is the most appropriate method, in accordance with professional practices and regulations in force.

In order to take into account the release of works and the erosion of the demand, total net proceeds include Gaumont's share of net proceeds received for the year and estimated net proceeds, over a maximum period of ten years from release date. Management reviews the estimated net proceeds regularly and adjusts them, if need be, taking into account operating profits, new contracts signed or planned and the audiovisual environment at the reporting date. These adjustments may result in additional amortization to cover the insufficient revenue when the carrying amount of the asset exceeds the revised estimated net proceeds.

For feature films that experience great success with the public when they are released in movie theaters, Gaumont examines the artistic characteristics of the work in order to determine if the film is likely to produce future economic advantages beyond ten years. If applicable, a residual value is allocated to the film concerned. Pursuant to the provisions of IAS 36, the justification for the recoverability of this residual value is reviewed at each reporting date.

#### IMPAIRMENT OF ASSETS

If there is an indication of impairment, the Group estimates the recoverable amount of the asset defined as the higher of the fair value, less cost of disposal, and the value in use. The value in use is determined by discounting the future cash flows expected from using the asset and from its sale.

In the event that the carrying amount of the asset exceeds its recoverable value, an impairment loss is recognized to bring the carrying amount down to the recoverable value. Impairment losses may be subsequently reversed up to the amount of the initial impairment loss where the net recoverable value becomes higher than the net carrying amount.

#### ONGOING PRODUCTIONS

Ongoing productions represent all direct costs and financial expenses incurred to produce a film or a series and include a share of overheads directly attributable to the production. Production costs are transferred from the "Ongoing productions" item to the final asset account once the production is complete and available for release.

An impairment loss may be recognized for productions in progress where the budget initially provided for has been significantly overrun or where, for films marketed between the reporting date and the publication of the financial statements, the estimate of future proceeds is below the value of the investment.

#### OTHER RIGHTS

Musical rights are amortized by type:

- musical productions are eligible for the declining balance method, whose duration varies depending on the type of work: two years for pop music, three years for classical music productions;
- music publishing rights acquired are amortized on a straight-line basis over five years.



## Change in audiovisual rights

	12.31.20	MOVEMENTS OF THE PERIOD			12.31.19
		+	-	OTHER <sup>(1)</sup>	
Films and cinema rights	1,969,061	31,919	-	-	1,937,142
Television series, dramas and broadcasting rights	509,143	2,276	-2,714	-31,979	541,560
Animated films and series	236,605	1,385	-	13,112	222,108
Musical productions and publishing rights	2,942	-	-	-	2,942
Video games	1,525	-	-	-	1,525
Movies in production	24,082	2,361	-	-	21,721
Television series and dramas in production	49,969	50,196	-36	-10,970	10,779
Animated films and series in production	26,302	23,688	-110	-18,551	21,275
<b>Gross value</b>	<b>2,819,629</b>	<b>111,825</b>	<b>-2,860</b>	<b>-48,388</b>	<b>2,759,052</b>
Films and cinema rights	-1,911,757	-35,651	350	-5	-1,876,451
Television series, dramas and broadcasting rights	-506,946	-19,521	2,639	39,519	-529,583
Animated films and series	-234,052	-19,680	-	3,501	-217,873
Musical productions and publishing rights	-2,927	-17	-	5	-2,915
Video games	-1,525	-	-	-	-1,525
Movies in production	-3,150	-3,150	4,194	-	-4,194
Television series and dramas in production	-110	-	-	-	-110
Animated films and series in production	-818	-818	-	-	-
<b>Accumulated amortization and impairment losses</b>	<b>-2,661,285</b>	<b>-78,837</b>	<b>7,183</b>	<b>43,020</b>	<b>-2,632,651</b>
<b>NET VALUE</b>	<b>158,344</b>	<b>32,988</b>	<b>4,323</b>	<b>-5,368</b>	<b>126,401</b>

(1) Changes in scope, transfers between items and foreign currency translation adjustments.

The periodic review of revenue estimates did not reveal significant changes compared to December 31, 2019.

Films released in theaters between the reporting date and approval by the board can be subject to impairment when the expected net proceeds are lower than investments. Impairment losses are reversed when the film is released and the corresponding amount is included in the amortization for the year.

At the end of the period, the values of feature films in progress and feature films completed but not yet released in movie theaters due to health measures were estimated by Management. In particular, the expected future margins were tested for the 2021 releases with the assumption of a reduction of 10% in the projected number of tickets sold. Any negative margins resulting from this approach gave rise to impairment. Feature films in progress and completed but not yet released have been subject to an impairment totaling k€3,150.

The assumption of the number of tickets sold in theaters was made against the background of many uncertainties related in particular the reopening schedule of theaters, continued health measures, the possible congestion of distribution schedules and consumer behavior. The fact that this is an unprecedented situation means that it is impossible to reasonably mitigate these uncertainties, either upwards or downwards. As a result, additional sensitivity calculations were conducted to model the level of the impairment based on various assumptions for the projected number of tickets sold, with an identical process for all films in progress or not yet released in movie theaters. A theoretical additional decrease of 10% in tickets sold would result in an additional impairment of k€1,700. Conversely, with forecasts increased by 20%, no impairment would be necessary.

Other changes include -k€48,388 in foreign exchange gains and losses on the gross values of American series and k€43,020 on the amortization of these series.



## Commitments related to the production and distribution of audiovisual works

	12.31.20	12.31.19
<b>Commitments given</b>	<b>153,264</b>	<b>129,724</b>
Development and production of films and series	76,816	112,519
Fulfilment of order contract	76,448	17,205
Guarantees given for film and series productions	900	-
<b>Commitments received</b>	<b>246,172</b>	<b>186,979</b>
Purchases of rights and financing of projects and productions	155,954	168,495
Fulfilment of order contract	90,219	18,484

At December 31, 2020, Gaumont and its subsidiaries had committed to invest k€153,264 in film and series production and project development. At the same time, the Group had received commitments for the purchase of rights and contributions by co-producers for films and series totaling k€246,172, in addition to the amounts reported in receivables.

The revenue backlog from contracts with customers is presented below.

For license sales, expiration date corresponds to the rights opening date. For line production recognized upon completion, it is representative of the expected production schedule.

	EXPIRATION DATE			TOTAL
	2020	2021	2022 AND BEYOND	
Movie production and distribution	15,491	4,435	3,301	23,227
Production and distribution of television series	117,702	14,990	-	132,692
Line production	51,137	19,422	19,660	90,219
<b>TOTAL</b>	<b>184,330</b>	<b>38,847</b>	<b>22,961</b>	<b>246,138</b>

## 4.2. Other intangible assets

	12.31.20	MOVEMENTS OF THE PERIOD			12.31.19
		+	-	OTHER <sup>(1)</sup>	
Franchises, patents, licenses, brands and software	2,599	62	-	-	2,537
Other intangible assets	-	-	-	-	-
Other intangible assets in progress	-	-	-	-	-
Advances and prepayments to suppliers	-	-	-	-	-
<b>Gross value</b>	<b>2,599</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>2,537</b>
Franchises, patents, licenses, brands and software	-2,433	-78	-	-	-2,355
Other intangible assets	-	-	-	-	-
<b>Accumulated amortization and impairment losses</b>	<b>-2,433</b>	<b>-78</b>	<b>-</b>	<b>-</b>	<b>-2,355</b>
<b>NET VALUE</b>	<b>166</b>	<b>-16</b>	<b>-</b>	<b>-</b>	<b>182</b>

(1) Changes in scope, transfers between items and foreign currency translation adjustments.

Other intangible assets primarily consist of software, amortized over the duration of the license.

## 4.3. Property, plant and equipment

### Principles and methods of measurement of property, plant and equipment

#### MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include all identifiable physical assets controlled by Gaumont that generate future economic benefits. Property, plant and equipment are recorded as assets in the financial statement starting from the date Gaumont acquires control and is assured that it will receive virtually all of the future economic benefits that it could generate.

The gross value of property, plant and equipment consists of purchase price net of potential discounts, and also includes all incidental expenses related to the acquisition and all costs directly related to startup.

As an exception, as part of the first application of IFRS, the Group opted to measure certain land and buildings located in the 8<sup>th</sup> Arrondissement of Paris and in Neuilly-sur-Seine at their fair value.

The borrowing costs incurred to purchase, build or manufacture eligible property, plant or equipment are included in the gross value of the assets until the asset's startup date.





#### ACCUMULATED AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are amortized over their useful life. When property, plant or equipment has distinct components with their own use, each element is recognized separately and amortized over its own useful life.

The depreciable amount includes the acquisition cost less any potential residual value allocated to each asset. Residual value is allocated to assets when Gaumont intends to sell the asset concerned after its useful life and the asset has a measurable market value. Residual value comprises the resale value net of selling costs.

Amortization methods and periods generally used for property, plant and equipment are as follows:

FIXED ASSETS	COMPONENT	AMORTIZATION METHOD	AMORTIZATION PERIOD
Property	Structural works	Straight-line	40 years
Property	Facade	Straight-line	30 years
Property	Roofing and exterior fixtures and fittings	Straight-line	20 to 25 years
Property	Plant and equipment	Straight-line	10 to 15 years
Property	Interior fixtures and fittings	Straight-line	5 to 10 years
Movable property	Passenger vehicles	Straight-line	4 years
Movable property	Furniture and equipment	Straight-line	3 to 5 years

A different method and amortization period may be used for certain assets depending on the actual consumption of related economic benefits.

Items purchased for a fee and added to the Collection Gaumont inventory are recorded under Gaumont assets when their acquisition cost is individually significant. They are considered collection pieces with an indefinite useful life and are not amortized.

When the use of property, plant or equipment changes, the amortization method may change if the prior amortization schedule no longer suits the new consumption method for the asset's expected economic benefits. Revisions to the amortization schedule are prospective and calculated based on the asset's net carrying value at the beginning of the period.

#### RIGHT-OF-USE ASSETS ARISING FROM LEASED PROPERTIES

Whenever a rental agreement affects an identifiable asset and Gaumont has the right to obtain future economic benefits and to control its use, the agreement is covered by IFRS 16. The right of use related to this rental contract results in the recognition of an asset representing the right for the lessee to use the underlying property for the duration defined in the agreement.

After the non-cancelable period, the assessment of the duration of the rental must take into account the optional periods in which one can reasonably estimate that they will extend the duration of the lease. In the event of a change in circumstances affecting the reasonable certainty of exercising an option not taken into account when the duration of the rental was determined, the amount of the right of use must be revised.

On the start date of the rental contract, the right of use is measured at its cost and includes:

- the initial value of the rental debt corresponding to the discounted value of the remaining payments owed to the lessor as outlined in note 6.2;
- payments made to or received by the lessor before the start of the contract;
- initial costs corresponding to marginal costs not incurred if the rental contract had not been concluded;
- an estimate of the costs that will have to be paid at the end of the contract.

Gaumont has decided to use the simplification measures called for by the standard and not to restate any rental contracts the underlying asset of which has a value in use below k\$5 or those of which the reasonably certain duration is less than twelve months.

#### AMORTIZATION OF RIGHT-OF-USE ASSETS ARISING FROM LEASED PROPERTIES

Depreciation is calculated over the expected useful life, using a method consistent with the one applied to the Group's wholly-owned assets. This useful life corresponds to the shortest duration between the remaining period of use of the underlying property and the remaining period of the rental agreement. The amortization method must reflect the pace of use of the future economic benefits of the asset.

#### IMPAIRMENT OF ASSETS

If there is an indication of impairment, the Group estimates the recoverable amount of the asset defined as the higher of the fair value, less cost of disposal, and the value in use. The value in use is determined by discounting the future cash flows expected from using the asset and from its sale.

In the event that the carrying amount of the asset exceeds its recoverable value, an impairment loss is recognized to bring the carrying amount down to the recoverable value. Impairment losses may be subsequently reversed up to the amount of the initial impairment loss where the net recoverable value becomes higher than the net carrying amount.

#### INVESTMENT PROPERTIES

Buildings owned or held under leases and leased to third parties not exercising an activity in keeping with those of Gaumont and its subsidiaries are qualified as investment properties.

IAS 40 – Investment Property applies both to owned property and right-of-use assets, provided these are leased to third parties and generate cash flows largely independently of the other assets. The standard also applies to vacant property held to be leased.



In application of the options offered by IAS 40, the method used for the measurement of the investment properties is the cost model. The provisions of IAS 16 are thus applicable to investment properties and the depreciation methods used for the investment properties are identical to those used for properties actually occupied.

Except in rare cases rendering this measurement impossible, the fair value of the investment properties is subject to a periodic assessment by an independent surveyor exercising his activity in the geographic area in which the building is located.

### Change in property, plant and equipment

	12.31.20	MOVEMENTS OF THE PERIOD			12.31.19
		+	-	OTHER <sup>(1)</sup>	
Land	10,061	-	-	-	10,061
Buildings and fittings	25,981	362	-182	-84	25,885
Plant, equipment and machinery	1,380	-	-90	-	1,470
Other property, plant and equipment	9,268	1,117	-118	-74	9,343
Investment properties	50,461	7,059	-	4,431	38,971
Right-of-use assets classified as investment properties	3,200	-	-	-296	3,496
Right-of-use assets arising from leased properties	19,023	1,724	-931	-2,666	20,896
Property, plant and equipment in progress	178	23	-	-4,431	4,586
<b>Gross value</b>	<b>119,552</b>	<b>10,285</b>	<b>-2,321</b>	<b>-3,120</b>	<b>114,708</b>
Land	-	-	-	-	-
Buildings and fittings	-18,819	-952	126	-1,767	-16,226
Plant, equipment and machinery	-1,252	-45	92	-	-1,299
Other property, plant and equipment	-6,026	-522	1,116	25	-6,645
Investment properties	-8,587	-114	-	1,794	-10,267
Right-of-use assets classified as investment properties	-318	-428	-	191	-2,081
Right-of-use assets arising from leased properties	-7,661	-2,678	931	162	-6,076
<b>Accumulated amortization and impairment losses</b>	<b>-44,663</b>	<b>-4,739</b>	<b>2,265</b>	<b>405</b>	<b>-42,594</b>
<b>NET VALUE</b>	<b>74,889</b>	<b>5,546</b>	<b>-56</b>	<b>-2,715</b>	<b>72,114</b>

(1) Changes in scope, transfers between items and foreign currency translation adjustments.

The fair value of investment properties measured in accordance with IFRS 16 is deemed to be equivalent to the carrying amount of the right-of-use asset.

The fair value of property owned, leased or held to be leased is periodically measured by an independent valuer. In 2020, a new lease was agreed and these assets have been assessed as having an average value of k€180,000 excluding transfer taxes, based on the capitalization of lease payments. This valuation takes into account market conditions and assumes the completion of the construction work, after taking into account the effects of the health crisis.

Operating expenses incurred during the period in respect of right-of-use assets classified as investment properties are not material. Rental income during the period amounted to k€490.

### Real estate commitments

	12.31.20	12.31.19
<b>Commitments given</b>	<b>5,123</b>	<b>9,980</b>
Guarantees	-	-
Real estate investments	5,123	9,980
<b>Commitments received</b>	<b>67,714</b>	<b>71,420</b>
Guarantees received	5,088	5,088
Real estate rental contracts	62,626	66,332

As of December 31, 2020, Gaumont benefited from lease commitments under leases agreed totaling k€62,626.

As part of the Ambassade development project, Gaumont has committed to building contracts totaling k€5,123. It has received various guarantees worth a total of k€5,088 from its service providers and from the future tenant.



#### 4.4. Other financial assets

##### Measurement of non-current financial assets

###### INVESTMENTS IN NON-CONSOLIDATED COMPANIES

Investments in non-consolidated companies represent the Group's interest in the share capital of non-consolidated companies.

Investments are analyzed as being available for sale and are therefore recognized at their fair value. For listed securities, this fair value corresponds to the stock market price. If the fair value cannot be reliably determined, the securities are recognized at historical purchase cost. Changes in fair value are recognized directly in equity.

If there is an objective indication that a financial asset may be impaired, and in particular if there is a significant or permanent decrease in the asset's value, an impairment loss is recognized in the income statement. This loss will be reversed in the income statement only when the securities are sold.

###### LOANS TO ASSOCIATES, OTHER LOANS, DEPOSITS AND GUARANTEES

These financial assets are measured at amortized cost. Their carrying amount in the statement of financial position includes the outstanding share capital and the unamortized share of purchase costs.

An impairment loss may be recognized if there is an objective indication of negative value change. The impairment representing the difference between the net carrying amount and recoverable value is recognized as an expense and is reversible when there is an improvement in recoverable value.

##### Change in non-current financial assets

	12.31.20	MOVEMENTS OF THE PERIOD			12.31.19
		+	-	OTHER <sup>(1)</sup>	
Investments in non-consolidated entities	3	-	-	-	3
Loans, deposits and bonds and other non-controlling financial assets	164	48	-37	-23	176
Receivables and other non-current financial assets	-	-	-	-	-
<b>Gross value</b>	<b>167</b>	<b>48</b>	<b>-37</b>	<b>-23</b>	<b>179</b>
Investments in non-consolidated entities	-	-	-	-	-
Loans, deposits and bonds and other non-controlling financial assets	-	-	-	-	-
Receivables and other non-current financial assets	-	-	-	-	-
<b>Accumulated impairment losses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET VALUE</b>	<b>167</b>	<b>48</b>	<b>-37</b>	<b>-23</b>	<b>179</b>

(1) Changes in scope, transfers between items and foreign currency translation adjustments.

Uninvested cash assigned to the Group's liquidity contract is unavailable and is therefore reported under other non-controlling financial assets.

The investments in non-consolidated entities are not material in relation to the Group's assets, financial position and results. They consist of companies where the Group has less than a 10% stake. Impairment testing of financial assets revealed no unrealized losses.



#### 4.5. Impact of investments on the statement of cash flows

##### Analysis of net allowance to depreciation, amortization, impairment and provisions of non-current assets

	2020	2019
<b>Intangible assets</b>		
• Reversals of impairment losses	4,544	-
• Amortization expense and impairment losses	-78,915	-139,490
<b>Subtotal</b>	<b>-74,371</b>	<b>-139,490</b>
<b>Property, plant and equipment</b>		
• Reversals of impairment losses	-	10
• Amortization expense and impairment losses	-4,739	-4,645
<b>Subtotal</b>	<b>-4,739</b>	<b>-4,635</b>
<b>Current assets</b>		
• Reversals of impairment losses	921	1,629
• Impairment losses	-935	-1,024
<b>Subtotal</b>	<b>-14</b>	<b>605</b>
<b>Risks and expenses</b>		
• Reversals of provisions	365	1,369
• Increases in provisions	-4,971	-566
<b>Subtotal</b>	<b>-4,606</b>	<b>803</b>
<b>TOTAL</b>	<b>-83,730</b>	<b>-142,717</b>

In 2020, amortization expense on intangible assets included k€32,807 for amortization of American series, against k€74,838 in 2019.

##### Change in liabilities and receivables on investments

	12.31.20	IMPACT OF CHANGES IN SCOPE	OTHER CHANGES <sup>(1)</sup>	12.31.19	IMPACT OF CHANGES IN SCOPE	OTHER CHANGES <sup>(1)</sup>	12.31.18
Fixed assets liabilities	8,624	-3,599	-137	12,360	-1,624	84	13,900
Liabilities on acquisition of shares	-	-6,974	-124	7,098	-7,147	452	13,793
Receivables on acquisition and disposal of equity investments	-	64,076	-	-64,076	-101	-	-63,975
<b>TOTAL</b>	<b>8,624</b>	<b>53,503</b>	<b>-261</b>	<b>-44,618</b>	<b>-8,872</b>	<b>536</b>	<b>-36,282</b>

(1) Changes in scope, transfers between items and foreign currency translation adjustments.

##### Breakdown of acquisitions of fixed assets

	2020	2019
Acquisition of intangible assets	111,887	133,699
Acquisition of property, plant and equipment	8,561	9,013
Acquisition of non-controlling financial assets	48	39
<b>TOTAL</b>	<b>120,496</b>	<b>142,751</b>

##### Impact of changes in scope

	2020	2019
Price paid	2,180	7,936
Treasury bought	-	-381
<b>IMPACT OF CHANGES IN SCOPE</b>	<b>2,180</b>	<b>7,555</b>



## 5. Current assets and liabilities

### 5.1. Inventories

Inventories are assessed at the lower of the purchase cost of the inventory or the net recoverable value. An impairment loss is recognized if the market value becomes less than the carrying amount.

	12.31.20	MOVEMENTS OF THE PERIOD		12.31.19
		+	-	
Semi-manufactured product inventories	55	-	-49	104
Merchandise inventories	1,088	-	-84	1,172
<b>Gross value</b>	<b>1,143</b>	<b>-</b>	<b>-133</b>	<b>1,276</b>
Semi-manufactured product inventories	-39	-39	62	-62
Merchandise inventories	-748	-748	856	-856
<b>Accumulated impairment losses</b>	<b>-787</b>	<b>-787</b>	<b>918</b>	<b>-918</b>
<b>NET VALUE</b>	<b>356</b>	<b>-787</b>	<b>785</b>	<b>358</b>

### 5.2. Trade receivables and other current assets

#### Measurement of receivables and other current assets

Receivables are recognized at amortized cost. Their value in the statement of financial position corresponds to their nominal value, after deducting accumulated impairment losses on the non-recoverable amounts.

According to IFRS 9, the estimate of irrecoverable amount is carried out by category of receivables regarding the historical risk associated to each category. The irrecoverable part of receivables are subject to an impairment.

According to IFRS 15, contract assets represent the consideration expected by Gaumont in exchange for services rendered, for which payment is not yet due and is contingent on special conditions other than the payment terms alone. When payment is conditional only on the passage of time, the expected consideration is recognized as a receivable.

	12.31.20	12.31.19
Trade receivables	80,738	113,634
Contract assets	4,409	4,578
Current financial assets	516	492
Advances and prepayments to suppliers	1,364	928
Payroll receivables	101	140
Tax receivables	12,929	15,972
Subsidies receivables	23,580	23,821
Current income tax assets	8,742	4,990
Current accounts	-	-
Receivables on asset sales	-	64,076
Other receivables	8,438	3,329
Derivatives	262	188
Prepaid expenses	942	658
<b>Gross value</b>	<b>142,021</b>	<b>232,806</b>
Trade receivables	-294	-241
Current financial assets	-	-
Current accounts	-	-
Other receivables	-630	-536
<b>Accumulated impairment losses</b>	<b>-924</b>	<b>-777</b>
<b>NET VALUE</b>	<b>141,097</b>	<b>232,029</b>
Maturities:		
• less than 1 year	137,655	212,224
• 1 to 5 years	3,442	19,805
• more than 5 years	-	-

Outstanding trade receivables mainly consist of the portion of outstanding receivables related to pre-sales and sales of works distributed at the end of the period. The level of receivables is strongly impacted by the number and schedule for series deliveries and movie releases. Gaumont has not identified any significant deterioration in its customer risk as a result of the health crisis.



With regard to sales of licenses and broadcasting rights, customers are traditionally institutional customers presenting a low credit risk. Contracts have also traditionally included payment terms that limit the risk of default.

Contract assets include in particular receivables for the production of *The Barbarians*, *Westwall* and *Frau Sonntag*. Changes in contract assets are presented in note 5.4.

As of December 31, 2020, tax receivables are mainly representative of VAT to be received and also include k€1,916 in tax credits for American productions, compared to k€812 as of the end of December 2019.

As of December 31, 2019, receivables on asset disposals include the amount due on the sale of the securities of Les Cinémas Pathé Gaumont. This receivables with 2% interest, was settled in 2020.

### Change in accumulated impairment losses

	12.31.20	MOVEMENTS OF THE PERIOD			12.31.19
		+	-	OTHER <sup>(1)</sup>	
Trade receivables	-294	-55	2	-	-241
Current financial assets	-	-	-	-	-
Current accounts	-	-	-	-	-
Other receivables	-630	-95	1	-	-536
<b>DEPRECIATIONS</b>	<b>-924</b>	<b>-150</b>	<b>3</b>	<b>-</b>	<b>-777</b>
Impact on current operating income		-150	3	-	
Impact on non-current operating income		-	-	-	
Impact on financial income		-	-	-	

(1) Changes in scope, transfers between items and foreign currency translation adjustments.

### 5.3. Trade payables and other liabilities

	12.31.20	12.31.19
Tax liabilities	-	-
Current accounts	-	-
Payables on acquisitions	-	-
Other payables	-	-
<b>Total other non-current liabilities</b>	<b>-</b>	<b>-</b>
Trade payables	6,239	10,785
Liabilities on films and audiovisual rights	5,002	10,384
Advances and deposits received	139	108
Payroll liabilities	7,058	6,318
Tax liabilities	3,662	7,462
Current income tax liabilities	-	143
Current accounts	-	-
Payables on acquisitions	-	7,098
Liabilities on other property, plant and equipment and intangible assets	3,622	1,976
Payables on distribution of works	50,674	49,351
Other payables	19,270	24,146
Derivatives	98	310
Contract liabilities	33,864	29,547
Tax credit to be amortized	6,793	6,947
Deferred public grants	350	352
Deferred income	5,165	6,240
<b>Total other current liabilities</b>	<b>141,936</b>	<b>161,167</b>
<b>TOTAL</b>	<b>141,936</b>	<b>161,167</b>
Maturities:		
• less than 1 year	141,710	160,937
• 1 to 5 years	15	16
• more than 5 years	211	214

Trade payables include payables relating to film distribution campaigns. They are closely linked to the theater release schedule.



Production payables are closely linked to the production and delivery schedules of the works.

The low amount of trade and production payables is due to the temporary stoppage of production and distribution campaigns for films and series on account of the health crisis.

Other payables includes the debt relating to the commitments to repurchase rights detained by investors in French language feature films produced and distributed by Gaumont. This liability is measured at his fair value as detailed in note 7.2.

According to IFRS 15, contract liabilities represent the consideration that Gaumont receives from contracts with customers for which performance obligations are unsatisfied at the end of the period. Contract liabilities include pre-sales received as production progresses, in the case of the financing of television series, and pre-sales on feature films for which the rights are not yet available due to the media release schedule.

Future revenues from contracts with customers will be recognized according to the following schedule.

	EXPIRATION DATE			TOTAL
	2021	2022	2023 AND BEYOND	
Movie production and distribution	8,889	305	1	9,195
Production and distribution of television series	22,131	499	-	22,630
Line production	2,039	-	-	2,039
<b>TOTAL</b>	<b>33,059</b>	<b>804</b>	<b>1</b>	<b>33,864</b>

Expiration date is representative of the rights opening period or, in the case of line production recognized upon completion, of the expected production schedule.

#### 5.4. Changes in contract assets and liabilities

Details of changes in contract assets and liabilities are presented in the table below.

	12.31.20		12.31.19	
	CONTRACT ASSETS	CONTRACT LIABILITIES	CONTRACT ASSETS	CONTRACT LIABILITIES
<b>POSITION AT BEGINNING OF YEAR</b>	<b>4,578</b>	<b>29,547</b>	<b>-</b>	<b>22,019</b>
Income recognized for the year included in contract liabilities at the beginning of the year	-549	-19,586	-	-16,217
Cash from unrecognized income for the year	250	18,647	-	23,641
Contract progress or alteration	157	7,042	4,562	157
Changes in scope	-	-	-	-
Currency translation adjustments	-27	-1,786	16	-53
<b>POSITION AT END OF YEAR</b>	<b>4,409</b>	<b>33,864</b>	<b>4,578</b>	<b>29,547</b>

#### 5.5. Changes in net working capital requirement

	2020	2019
Changes in operating assets	22,486	-25,014
Changes in operating liabilities	-3,866	35,237
Premiums paid on financial instruments	-	-
Current income tax expense	-312	-241
Tax paid	-4,118	117
Pension and similar benefits allowance	-258	472
<b>TOTAL</b>	<b>13,932</b>	<b>10,571</b>



## CONSOLIDATED FINANCIAL INFORMATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The table below details the change in operating assets constituting the working capital requirement net of impairment (impairment losses on items constituting the working capital requirement are deemed to be disburseable).

	12.31.20	CHANGES IN WORKING CAPITAL REQUIREMENT	OTHER CHANGES <sup>(1)</sup>	12.31.19	CHANGES IN WORKING CAPITAL REQUIREMENT	OTHER CHANGES <sup>(1)</sup>	12.31.18
Inventories	356	-2	-	358	-120	-	478
Trade receivables and contract assets	84,853	-29,221	-3,897	117,971	18,517	1,389	98,065
Current non-controlling financial assets	516	1	23	492	-2	-	494
Advances and prepayments to suppliers	1,364	440	-4	928	372	-	556
Payroll receivables	101	-36	-3	140	52	1	87
Tax receivables	12,929	-2,383	-660	15,972	7,918	26	8,028
Subsidies receivables	23,580	-241	-	23,821	-2,278	-	26,099
Current income tax assets	8,742	3,580	172	4,990	2,949	7	2,034
Current accounts	-	-	-	-	-	-	-
Other receivables	7,808	5,083	-68	2,793	-1,969	17	4,745
Prepaid expenses	942	293	-9	658	-425	2	1,081
<b>ASSETS CONSTITUTING THE WORKING CAPITAL REQUIREMENT</b>	<b>141,191</b>	<b>-22,486</b>	<b>-4,446</b>	<b>168,123</b>	<b>25,014</b>	<b>1,442</b>	<b>141,667</b>

(1) Changes in scope, transfers between items and foreign currency translation adjustments.

A decrease in receivables is reflected in the cash position by a collection. As a result, the negative change above is represented as an inflow in the statement of cash flows.

An increase in receivables is reflected in the cash position by a non-collection. As a result, the positive change above is represented as an outflow in the statement of cash flows.

The table below sets out the change in operating liabilities constituting the working capital requirement.

	12.31.20	CHANGES IN WORKING CAPITAL REQUIREMENT	OTHER CHANGES <sup>(1)</sup>	12.31.19	CHANGES IN WORKING CAPITAL REQUIREMENT	OTHER CHANGES <sup>(1)</sup>	12.31.18
Trade payables	6,239	-4,461	-85	10,785	-3,179	39	13,925
Advances and deposits received	139	31	-	108	49	-	59
Payroll liabilities	7,058	907	-167	6,318	193	55	6,070
Tax liabilities	3,662	-3,800	-	7,462	3,470	-	3,992
Current income tax liabilities	-	-143	-	143	124	-	19
Current accounts	-	-	-	-	-	-	-
Other payables	69,944	-1,508	-2,045	73,497	24,408	2,985	46,104
Deferred income and contract liabilities	46,172	5,108	-2,022	43,086	10,172	132	32,782
<b>LIABILITIES THAT CONSTITUTE THE WORKING CAPITAL REQUIREMENT</b>	<b>133,214</b>	<b>-3,866</b>	<b>-4,319</b>	<b>141,399</b>	<b>35,237</b>	<b>3,211</b>	<b>102,951</b>

(1) Changes in scope, transfers between items and foreign currency translation adjustments.





## 6. Financing

### 6.1. Equity

#### Share capital of the parent company

	12.31.20	MOVEMENTS OF THE PERIOD		12.31.19
		+	-	
Number of shares	3,119,923	-	-	3,119,923
Par value	€8	€8	€8	€8
<b>CAPITAL (in euros)</b>	<b>24,959,384</b>	-	-	<b>24,959,384</b>

#### Average number of shares in circulation

In accordance with IAS 33, the base result of earnings per share is determined by dividing the net income attributable to equity owners of the parent by the weighted average number of shares in circulation over the reporting period is as follow:

	2020	2019
Number of shares at January 1	3,119,876	3,119,876
Capital increases relating to the exercise of stock options ( <i>prorata temporis</i> )	-	-
Average number of ordinary shares	3,119,876	3,119,876

#### Treasury shares

Purchases of treasury shares are recognized as a deduction from equity at their acquisition cost.

When treasury shares are sold, any resulting gains or losses are recognized in the consolidated retained earnings, net of tax.

At December 31, 2020 Gaumont held 4,649 treasury shares traded under the liquidity contract and 200 registered shares for a total purchase value of k€257.

#### Dividends

Gaumont SA paid out the following dividends for the last two years:

(in euros)	2020	2019
Dividends paid	-	3,115,047
Dividends per share	-	1.00



## Stock options

Stock options were awarded to some executive officers and employees of the Group, except for the Chairman of the Board of directors. These options give rise, when being exercised, to new shares being issued by a capital increase.

All these plans are equity-settled.

In accordance with the provisions of IFRS 2, the fair value of the options is valued on the grant date, using the Black & Scholes mathematical model as a basis. Fair value is reported as personnel costs

on a straight-line basis over the period of acquiring the rights and recognized in exchange for equity. In the last two years, no expenses have been recognized in respect of stock option plans, the vesting period for rights being complete for all plans since February 28, 2009.

No new stock option plans were established in the financial year.

Outstanding option plans as per December 31, 2020, are detailed below.

PLAN	INITIAL GRANT		ADJUSTED GRANT		OPTIONS AT END OF PERIOD			
	PRICE	NUMBER	PRICE	NUMBER	CANCELED	SUBSCRIBED	OUTSTANDING	EXERCISABLE
Plan V (February 1996)	€50.31	104,000	€43.77	119,683	47,184	71,347	1,152	1,152
Plan VI (March 1998)	€64.03	168,000	€55.70	193,341	100,164	90,873	2,304	2,304
Plan VIII (February 2005)	€64.00	196,750	€55.79	226,534	103,943	101,896	20,695	20,695
<b>TOTAL</b>		<b>468,750</b>		<b>539,558</b>	<b>251,291</b>	<b>264,116</b>	<b>24,151</b>	<b>24,151</b>

In 2020, no dividend was paid out of the reserves and no options were exercised involving a change in the value of the options.

PLAN	GRANT DATE	EXERCISE PERIOD		12.31.20	MOVEMENTS OF THE PERIOD				12.31.19
		START	END		ADJUSTED	GRANTED	CANCELED	SUBSCRIBED	
Plan V	02.15.96	02.15.01	02.14.46	1,152	-	-	-	-	1,152
Plan VI	03.12.98	03.12.03	03.11.48	2,304	-	-	-	-	2,304
Plan VIII	02.28.05	02.28.09	02.27.49	20,695	-	-	-	-	20,695
<b>TOTAL</b>				<b>24,151</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,151</b>



## Potential capital

Diluted earnings per share are calculated by dividing net income attributable to owners of the parent company by the weighted average number of ordinary shares, adjusted for the dilutive effect of stock options.

In the case of stock options, the difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price is treated as an issue of ordinary shares with a dilutive effect. Options and share warrants have a dilutive effect when their exercise would incur the issue of ordinary shares at a price below the average market price for ordinary shares during the year. Options and share warrants only have a dilutive effect when the average market price of ordinary shares during the year exceeds the strike price of the options or share warrants.

If a loss is made during the period, diluted earnings per share are calculated by dividing the net income attributable to equity owners of the parent by the number of shares at the reporting date, taking into account the accretive effect of exercising stock options.

	2020	2019
Average number of ordinary shares	3,119,876	3,119,876
Dilutive effect of stock options	11,550	13,002
Average potential number of ordinary shares	3,131,426	3,132,878

## Equity attributable to non-controlling interests

Following the purchase of the minority interests in GP Archives in 2019, there are no longer any non-controlling interests as of December 31, 2020.

## 6.2. Net borrowings

### Principles of measurement of borrowings

#### LOANS AND BORROWINGS

Loans and other borrowings are measured at amortized cost based on the effective interest rate of the transaction, including the cost of the loan issue fees.

#### SOFICAS

The rights to a share of proceeds of Soficas guaranteed by Gaumont are measured at amortized cost and recorded for their nominal value in the liabilities of the statement of financial position. The payback of the share of proceeds to which Soficas are entitled is directly recognized as an offset to these liabilities.

#### SALE AND BUYOUT COMMITMENTS

In accordance with IAS 32, when the Group has made a binding and unconditional commitment to buy out a subsidiary's non-controlling shareholders ("buyout commitment") and, conversely, the subsidiary's non-controlling shareholders have made a commitment to sell the Group their full interest ("sale commitment"), the commitments to buy out the share of non-controlling shareholders ("puts") are treated as liabilities and regularly remeasured.

The Group recognizes a financial liability against a reduction of the share of equity attributable to the non-controlling shareholders and, if applicable, as goodwill for the balance. Subsequent changes in value are recognized as re-classifications within equity without any impact on income.

#### LEASE LIABILITIES

The rental obligation related to the useful right of an asset is stated in borrowings as of the start date of the rental contract. This liability is evaluated based on the discounted value of the remaining payments owed to the lessor. The discount rate corresponds to the implicit rate of the rental contract or, if it cannot be easily identified, to the marginal debt rate of the lessee company of the Group.

The marginal debt rate corresponds to the rate at which the Group company should borrow over a duration equivalent to the duration of the rental contract and with the same guarantees, the sum necessary to obtain an asset of the same value as the cost of the right of use in a similar economic environment.



## Change in borrowings

	MOVEMENTS OF THE PERIOD WITH AN IMPACT ON THE CASH POSITION				MOVEMENTS OF THE PERIOD WITHOUT AN IMPACT ON THE CASH POSITION			
	12.31.20	+	-	OTHER <sup>(1)</sup>	CURRENCY TRANSLATION ADJUSTMENTS	CHANGE IN IFRS 16 ASSUMPTIONS	OTHER <sup>(2)</sup>	12.31.19
Bonds	14,960	-	-	-	-	-	-44,932	59,892
Production loans	51,919	53,679	-37,407	-182	-4,724	-	-1,421	41,974
Assignments of receivables	848	57,729	-62,290	-658	-51	-	6,118	-
Financial contribution from the <i>Caisse des dépôts</i>	4,265	582	-	-	-	-	-403	4,086
Other loans and borrowings	300	820	-40	-	-11	-	-842	373
<b>Non-current debt</b>	<b>72,292</b>	<b>112,810</b>	<b>-99,737</b>	<b>-840</b>	<b>-4,786</b>	<b>-</b>	<b>-41,480</b>	<b>106,325</b>
Bonds	44,932	-	-	-	-	-	45,007	-75
Production loans	4,308	6,659	-5,288	-	15	-	1,727	1,195
Assignments of receivables	-120	-	-	-	-122	-	-5,944	5,946
Financial contribution from the <i>Caisse des dépôts</i>	382	-	-431	-	-	-	403	410
Other loans and borrowings	1,569	-	-865	-	-	-	833	1,601
Bank overdraft	27	-	-117	-	-5	-	-	149
Accrued interest	543	-	-	-	-7	-	-34	584
<b>Current debt</b>	<b>51,641</b>	<b>6,659</b>	<b>-6,701</b>	<b>-</b>	<b>-119</b>	<b>-</b>	<b>41,992</b>	<b>9,810</b>
Lease liabilities - non-current	10,133	-	-	-	-712	-1,819	-1,655	14,319
Lease liabilities - current	3,090	-	-3,135	-	-145	-	3,379	2,991
<b>Lease liabilities</b>	<b>13,223</b>	<b>-</b>	<b>-3,135</b>	<b>-</b>	<b>-857</b>	<b>-1,819</b>	<b>1,724</b>	<b>17,310</b>
<b>FINANCIAL LIABILITIES AND LEASE LIABILITIES</b>	<b>137,156</b>	<b>119,469</b>	<b>-109,573</b>	<b>-840</b>	<b>-5,762</b>	<b>-1,819</b>	<b>2,236</b>	<b>133,445</b>

(1) Paid loan fees.

(2) Amortization of loan fees, new leases, reclassifications and changes in accrued interest.



## Repayment schedule

	12.31.20	MATURITY DATE		
		< 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Bonds	59,892	44,932	14,960	-
Production loans	56,227	4,308	51,919	-
Assignments of receivables	728	-120	848	-
Financial contribution from the Caisse des dépôts	4,647	382	2,655	1,610
Other loans and borrowings	1,869	1,569	51	249
Lease and finance lease liabilities	13,223	3,090	7,618	2,515
<b>TOTAL<sup>(1)</sup></b>	<b>136,586</b>	<b>54,161</b>	<b>78,051</b>	<b>4,374</b>

(1) Excluding accrued interest and bank overdraft.

Production loans are reported according to their contractual maturity. However, since they are repaid via pre-financing contracts and proceeds from the series, part of the loans will be repaid early from this consolidated maturity.

## Breakdown of liabilities by geographic area

	12.31.20	FRANCE	EUROPE	AMERICAS
Bonds	59,892	59,892	-	-
Production loans	56,227	-	1,050	55,177
Assignments of receivables	728	-	-	728
Financial contribution from the Caisse des dépôts	4,647	4,647	-	-
Other loans and borrowings	1,869	1,756	-	113
Lease liabilities	13,223	3,938	961	8,324
<b>TOTAL<sup>(1)</sup></b>	<b>136,586</b>	<b>70,233</b>	<b>2,011</b>	<b>64,342</b>

(1) Excluding accrued interest and bank overdraft.

## BONDS

Gaumont issued a bond on November 14, and December 22, 2014 in the form of a listed Euro private placement (EuroPP) for a total amount of k€60,000. This bond is made up of two separate parts whose respective characteristics are presented below.

	PART 1	PART 2
Listing market	Euronext Paris	
ISIN	FR0012303170	FR0012303188
Par value	k€45,000	k€15,000
Maturity	7 years	10 years
Expiration date	November 14, 2021	November 14, 2024
Annual coupon	4.75%	5.125%
Payment of the coupon	annually in arrears	
Repayment	<i>in fine</i> – no premium	
Guarantees	None	
Covenants	3 covenants to be respected every 6 months	

The bond has three covenants, which are specified in note 7.1.

## Effective interest rate

At December 31, the effective interest rate of the outstanding borrowing was as follows:

	12.31.20	12.31.19
Before hedging instruments	4.97%	4.97%
After hedging instruments	-	-

## Average interest rate

The changes in the loan average interest rate are presented below.

	2020	2019
Before hedging instruments	4.84%	4.84%
After hedging instruments	-	-



**PRODUCTION LOANS**

Production loans are self-liquidating loans used to finance the production of American and European television series.

**Production loans of American television series**

These loans have the following characteristics:

- repayment of each loan takes place via a senior call on pre-financing payments and proceeds from the series financed;
- interest is variable rate, Libor-based;
- collateral for the loans consists of pledging of assets financed.

Interest on these loans and the associated transaction costs are capitalized in the production costs of the assets until the series financed is delivered in full.

Details of outstanding production loans as of December 31 are presented below.

*(in thousands of us dollars)*

SERIES	RECIPIENT <sup>(1)</sup>	LENDER	SUBSCRIPTION	MATURITIES	TOTAL AMOUNT AUTHORIZED	REMAINING AMOUNT AVAILABLE	POSITION AT 12.31.20	POSITION AT 12.31.19
<i>Narcos season 5</i>	Narcos Productions Llc	MUFG Union Bank	11.16.18	06.30.21	72,235	-	-	29,538
<i>Narcos season 6</i>	Narcos Productions Llc	MUFG Union Bank	12.12.19	06.30.22	92,218	33,719	58,499	6,931
<i>Usagi</i>	Usagi Productions Llc	MUFG Union Bank	08.14.20	08.14.22	16,478	11,752	4,726	-
<i>F is for Family season 4</i>	Leodoro Productions Llc	MUFG Union Bank	01.25.19	09.30.21	15,391	-	-	11,136
<i>F is for Family season 5</i>	Leodoro Productions Llc	MUFG Union Bank	11.24.20	12.31.23	12,726	7,741	4,985	-
<b>TOTAL</b>					<b>209,048</b>	<b>53,212</b>	<b>68,210</b>	<b>47,605</b>

(1) Subsidiaries wholly-owned by Gaumont Television USA Llc and Gaumont Animation USA.

**EFFECTIVE INTEREST RATE**

At December 31, the effective interest rate of the outstanding borrowing was as follows:

	12.31.20	12.31.19
Before hedging instruments	3.82%	5.90%
After hedging instruments	-	-

**AVERAGE INTEREST RATE**

The changes in the loan average interest rate are presented below.

	2020	2019
Before hedging instruments	4.35%	4.89%
After hedging instruments	-	-



**Production loans of European television series**

(in thousands of euros)

SERIES	RECIPIENT	LENDER	SUBSCRIPTION	MATURITIES	TOTAL AMOUNT AUTHORIZED	REMAINING AMOUNT AVAILABLE	POSITION AT 12.31.20	POSITION AT 12.31.19
Nine Days Awake	Gaumont GmbH	Commerbank AG Berlin	07.30.19	06.30.20	1,630	-	-	1,615
Westwall	Gaumont GmbH	DZ Bank AG	07.28.20	Indefinite	9,000	7,950	1,050	-
<b>TOTAL</b>					<b>10,630</b>	<b>7,950</b>	<b>1,050</b>	<b>1,615</b>

This loan has the following characteristics:

- repayment of each loan takes place via a senior call on pre-financing payments and proceeds from the series financed;
- the interest rate is variable and EONIA-based.

**ASSIGNMENTS OF RECEIVABLES**

In the United States, Gaumont signed a receivables assignment agreement on June 2, 2020 for a maximum authorized amount of k\$50,000. The agreement expires on June 2, 2025 and replaces the previous agreement for the same amount, which expired in June 2020. This transaction was treated as a repayment of the previous loan and the arrangement of a new loan. The costs of arranging the new loan are amortized over the contractual term.

The key features of this receivables assignment agreement are identical to the previous one:

- the assigned receivables are the series' operating receivables, with the exception of receivables pledged to production loans;
- the interest rate is variable and Libor-based.

The detail of this credit facility is presented below.

(in thousands of US dollars)

**STATUS OF ASSIGNED RECEIVABLES**

**DEBT SITUATION**

ACTIVITY	VALUE OF ASSIGNED CONTRACTS	BALANCE OF ASSIGNED RECEIVABLES	BALANCE SHEET AMOUNT	OFF-BALANCE SHEET COMMITMENTS	AUTHORIZED MAXIMUM AMOUNT	REMAINING AMOUNT AVAILABLE	POSITION AT 12.31.20	POSITION AT 12.31.19
American television programs	128,515	35,232	34,301	931	50,000	5,105	1,560	6,792
<b>TOTAL</b>	<b>128,515</b>	<b>35,232</b>	<b>34,301</b>	<b>931</b>	<b>50,000</b>	<b>5,105</b>	<b>1,560</b>	<b>6,792</b>

Since all the risks associated with assigned receivables remain with the Group, the receivables are kept on as assets on the statement of financial position, or included as off-balance sheet commitments.

**Effective interest rate**

At December 31, the effective interest rate of the outstanding borrowing was as follows:

	12.31.20	12.31.19
Before hedging instruments	8.83%	10.44%
After hedging instruments	-	-

The high level of the effective interest rate in 2019 and 2020 are related to the fact that the amounts of the outstanding borrowings at December 31, 2019 and December 31, 2020 are low compared with the average debt level of the two respective periods.

**Average interest rate**

The changes in the loan average interest rate are presented below.

	2020	2019
Before hedging instruments	4.16%	5.62%
After hedging instruments	-	-



**FINANCIAL CONTRIBUTION FROM THE CAISSE DES DÉPÔTS ET CONSIGNATIONS FOR THE RESTORATION AND DIGITIZATION OF THE CATALOG**

On July 6, 2012, Gaumont signed a financial investment agreement with *Caisse des dépôts et consignations* to restore and digitize films in its catalog. This financial investment is repayable when receipts are earned on the restored films over a maximum 15-year period, and is guaranteed by the pledge of the assets concerned, as detailed further below.

As of December 31, 2020, the restoration program is completed. The outstanding debt to *Caisse des dépôts et consignations* stands at k€4,647.

**Cash and cash equivalents**

Cash and cash equivalents include liquidity held in bank current accounts and investments in money market instruments that may be liquidated or sold in the very short term, in view of management intentions, and do not entail a significant risk of loss in value in the event of interest rate changes.

These financial instruments are measured at their fair value through profit and loss.

	12.31.20	12.31.19
Cash equivalents	34,016	34,012
Bank accounts and petty cash	80,385	51,761
<b>TOTAL</b>	<b>114,401</b>	<b>85,773</b>

**Financing commitments**

	12.31.20	12.31.19
<b>Commitments given</b>	<b>67,427</b>	<b>70,560</b>
Assignment of receivables as loan security	759	9,396
Guarantees	66,668	61,164
<b>Commitments received</b>	<b>55,474</b>	<b>71,428</b>
Unused credit facility	55,474	71,428

Unused credit facilities consist of:

- k\$53,212 in respect of production loans arranged for US activities;
- k€7,950 in respect of production loans arranged for European activities;
- k\$5,105 for the receivables assignment agreement entered into by Gaumont USA Inc.

**Pledging of assets**

In guarantee of the financial contribution from the Caisse des dépôts et consignations for the digitization of films from its catalog, Gaumont pledged the works restored with the help of this funding. As of December 31, 2020, they had a net carrying amount of k€9,871.

The Group pledged all of the assets financed in guarantee of the production loans taken out by Gaumont Television USA subsidiaries.

At December 31, 2020, the pledges made by Gaumont and its subsidiaries had a total net carrying amount of k€66,668.

TYPE OF PLEDGES/MORTGAGES	12.31.20	12.31.19
On intangible assets	60,246	28,808
On property, plant and equipment	-	-
On non-controlling financial assets	-	-
On receivables	3,054	31,057
On cash accounts	3,368	1,300
<b>TOTAL</b>	<b>66,668</b>	<b>61,164</b>

These pledges expire at the same date as the associated loans.

TYPE OF PLEDGES/MORTGAGES	12.31.20	EXPIRATION DATE		
		LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
On intangible assets	60,246	-	50,375	9,871
On property, plant and equipment	-	-	-	-
On non-controlling financial assets	-	-	-	-
On receivables	3,054	-	3,054	-
On cash accounts	3,368	-	3,368	-
<b>TOTAL</b>	<b>66,668</b>	<b>-</b>	<b>56,797</b>	<b>9,871</b>





## 7. Financial risks and hedging

### 7.1. Financial risks

#### Credit and counterparty risk

The main credit risk to which the Group is exposed is the risk of non-payment by its customers or financial partners involved in the production of works. The Group operates in France and internationally with the main market players and considers that its credit risk is very limited.

As of December 31, 2020, exposure to credit risk was as follows:

	12.31.20	OUTSTANDING	RECEIVABLES OWING					
			FROM 1 TO 30 DAYS	FROM 31 TO 60 DAYS	FROM 61 TO 90 DAYS	FROM 91 TO 180 DAYS	FROM 181 TO 360 DAYS	OVER 360 DAYS
Trade receivables	61,171	50,831	2,133	2,633	2,303	2,866	302	103
Net receivables on movies and series	5,505	5,505	-	-	-	-	-	-
<b>TOTAL</b>	<b>66,676</b>	<b>56,336</b>	<b>2,133</b>	<b>2,633</b>	<b>2,303</b>	<b>2,866</b>	<b>302</b>	<b>103</b>

#### Liquidity risk

The k€60,000 bond, whose key features are described in note 6.2., comes with three covenant ratios that must be met half-yearly.

The R1 ratio requires the value of the Group's main assets to be at least equal to 2.75 times its net financial borrowings, plus outstanding financial advances granted by Gaumont SA to Gaumont USA Inc. subsidiaries. The Group's main assets comprise the film catalog, the interest in Gaumont Animation and the real estate assets on the Group's balance sheet.

The R2 ratio requires the Group to keep borrowings below equity.

The R3 ratio requires the Group to maintain net average revenue from its catalog at a minimum of 15% of its net borrowings at the calculation date.

For the R1, R2 and R3 ratios, borrowings are defined excluding *Caisse des dépôts et consignations* financial investment and excluding loans taken out by American subsidiaries, as long as they are without recourse against the Group.

As of December 31, 2020, given the absence of borrowings from the French and European entities, the R3 ratio was not applicable. The R1 and R2 ratios were respected and were respectively at 9.35 and 0.36.

#### Market risks

##### INTEREST RATE RISK

In France, the Group finances its general requirements by means of external fixed or variable rate loans. As of December 31, 2020, Gaumont's debt in France consisted of a fixed-rate bond for k€60,000 and available cash of k€61,627.

In the United States, the Group finances its productions by drawing on dedicated production credit lines and by assigning receivables for a line of credit with a maximum amount of k\$50,000. These variable rate credit lines are arranged with banks specializing in television production finance.

The key features of these credit lines are described in note 6.2.



As of December 31, 2020, the Group's interest rate exposure was as follows:

	12.31.20	MATURITY SCHEDULE		
		LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
Fixed-rate financial assets	-	-	-	-
Variable-rate financial assets	114,401	114,401	-	-
Financial assets not exposed	-	-	-	-
<b>Financial assets<sup>(1)</sup></b>	<b>114,401</b>	<b>114,401</b>	<b>-</b>	<b>-</b>
Fixed-rate financial liabilities	-77,762	-48,404	-25,233	-4,125
Variable-rate financial liabilities	-56,955	-4,188	-52,767	-
Financial liabilities not exposed	-2,439	-2,139	-51	-249
<b>Financial liabilities<sup>(2)</sup></b>	<b>-137,156</b>	<b>-54,731</b>	<b>-78,051</b>	<b>-4,374</b>

(1) Cash and cash equivalents.

(2) Borrowings.

The Group manages its exposure to rate risk by using interest rate swap and cap contracts.

At December 31, 2020, Gaumont had no running interest rate derivatives.

The net exposure to interest rate risk is as follows:

	TOTAL	FIXED RATE	VARIABLE RATE	NOT EXPOSED
Financial assets <sup>(1)</sup>	114,401	-	114,401	-
Financial liabilities <sup>(2)</sup>	-137,156	-77,762	-56,955	-2,439
<b>Net position before hedging</b>	<b>-22,755</b>	<b>-77,762</b>	<b>57,446</b>	<b>-2,439</b>
Hedging	-	-	-	-
<b>Net position after hedging</b>	<b>-22,755</b>	<b>-77,762</b>	<b>57,446</b>	<b>-2,439</b>
Sensitivity	574	-	574	-

(1) Cash and cash equivalents.

(2) Borrowings.

As Gaumont's exposure to interest rate risk is reversed due to the cash surplus, sensitivity to this risk represents an opportunity cost.

#### FOREIGN EXCHANGE RISK

The Group is exposed to operating foreign exchange risks on commercial transactions posted on the balance sheet and on likely future transactions. When the Group produces films or television series outside the home country of the producer company, it is also exposed to foreign exchange risks on its production expenses.

Throughout 2020, revenue invoiced in a currency other than that of the company behind the transaction amounted to k€12,037, or 7.8% of total revenue, and breaks down as follows:

(in thousands of euros)	TOTAL	USD	CAD	GBP	CHF	JPY	AUD	EUR <sup>(1)</sup>	MISCELLA- NEOUS
Revenue	12,037	8,407	165	199	113	99	100	2,921	33

(1) Revenue generated by entities outside the euro zone.

Gaumont examines on a case-by-case basis the necessity and feasibility of currency hedging for this risk, taking into account the unit transaction amount.



As of December 31, 2020, as part of its production of American series, the Group entered into forward currency sale or purchase contracts to hedge against future fluctuations in the Mexican peso, the Euro, the Japanese yen and the Canadian Dollar against the US dollar.

	CURRENCY	COUNTERPARTY	NOTIONAL AMOUNT (in thousands of currency)	EXPIRATION DATE			FAIR VALUE (in thousands of us dollars)	
				LESS THAN 90 DAYS	FROM 90 TO 180 DAYS	FROM 180 TO 360 DAYS		OVER 360 DAYS
Forward currency purchases	MXN	USD	150,600	150,600	-	-	-	49
Forward currency purchases	EUR	USD	795	453	342	-	-	86
Forward currency purchases	JPY	USD	144,328	144,328	-	-	-	40
Forward currency purchases	CAD	USD	1,755	1,245	510	-	-	22
<b>TOTAL</b>								<b>197</b>

At December 31, 2020, the Group's exposure to operating foreign exchange risk was as follows:

	RISK RELATED TO A CHANGE IN THE EURO VALUE							
	TOTAL (in thousands of euros)	USD/EUR	HUN/EUR	CAD/EUR	GBP/EUR	AUD/EUR	JPY/EUR	OTHER/EUR
Assets	1,022	843	-	78	2	39	22	38
Liabilities	-12	-12	-	-	-	-	-	-
Off-balance sheet	722	722	-	-	-	-	-	-
<b>Net position before hedging</b>	<b>1,732</b>	<b>1,553</b>	<b>-</b>	<b>78</b>	<b>2</b>	<b>39</b>	<b>22</b>	<b>38</b>
Hedging	-722	-722	-	-	-	-	-	-
<b>Net position after hedging</b>	<b>1,010</b>	<b>831</b>	<b>-</b>	<b>78</b>	<b>2</b>	<b>39</b>	<b>22</b>	<b>38</b>
Sensitivity	-101	-83	-	-8	-	-4	-2	-4

An across-the-board 10% decrease in all of the above-mentioned currencies against the euro would have a negative impact of k€101 on the Group's net income.

	RISK RELATED TO A CHANGE IN THE DOLLAR VALUE				
	TOTAL (in thousands of us dollars)	JPY/USD	MXN/USD	CAD/USD	GBP/USD
Assets	68	-	-	47	20
Liabilities	-	-	-	-	-
Off-balance sheet	-10,212	-1,358	-7,498	-1,356	-
<b>Net position before hedging</b>	<b>-10,144</b>	<b>-1,358</b>	<b>-7,498</b>	<b>-1,309</b>	<b>20</b>
Hedging	10,212	1,358	7,498	1,356	-
<b>Net position after hedging</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>20</b>
Sensitivity	-7	-	-	-5	-2

An across-the-board 10% decrease in all of the above-mentioned currencies against the US dollar would have a negative impact of k\$7 on the Group's net income.



The Group is exposed to financial foreign exchange risk via its bank accounts and advances denominated in currencies other than the functional currency of the company concerned. The Group endeavors to keep foreign currency balances in its accounts at a low level to ensure natural hedging between collection and disbursement flows of foreign currencies and to keep advances made in foreign currencies to a minimum.

At December 31, 2020, Gaumont had forward currency sale contracts in place to hedge against future movements in the dollar and the sterling pound against the euro.

	CURRENCY	COUNTERPARTY	NOTIONAL AMOUNT (in thousands of currency)	EXPIRATION DATE				FAIR VALUE (in thousands of euros)
				LESS THAN 90 DAYS	FROM 90 TO 180 DAYS	FROM 180 TO 360 DAYS	OVER 360 DAYS	
Forward currency sales	USD	EUR	45,945	45,945	-	-	-	27
Forward currency sales	GBP	EUR	4,073	4,073	-	-	-	-24
<b>TOTAL</b>								<b>3</b>

These instruments are qualified as hedging as of k\$45,945 and k£4,073.

At December 31, 2020, the Group's exposure to financial foreign exchange risk was as follows:

	RISK RELATED TO A CHANGE IN THE EURO VALUE		
	TOTAL (in thousands of euros)	USD/EUR	GBP/EUR
Assets	46,409	41,624	4,785
Liabilities	-	-	-
Off-balance sheet	-	-	-
<b>Net position before hedging</b>	<b>46,409</b>	<b>41,624</b>	<b>4,785</b>
Hedging	-41,973	-37,442	-4,531
<b>Net position after hedging</b>	<b>4,436</b>	<b>4,182</b>	<b>254</b>
Sensitivity	-443	-418	-25

A 10% decrease in the dollar and the sterling pound against the euro would have a negative impact of k€433 on the Group's net income.

As a result of its investments in subsidiaries based in the United States and the United Kingdom, the Group is also exposed to foreign exchange risk when it translates its subsidiaries' accounts into the reporting currency of its consolidated financial statements. The impacts of this risk are recognized in equity.

At December 31, 2020, the Group's exchange rate exposure from foreign investments was as follows:

(in thousands of euros)	USD/EUR	GBP/EUR
Assets	178,515	2,124
Liabilities	-217,004	-5,612
Off-balance sheet	87,232	-
<b>Net position before hedging</b>	<b>48,743</b>	<b>-3,488</b>
Hedging	23,301	-
<b>Net position after hedging</b>	<b>72,044</b>	<b>-3,488</b>
Sensitivity to a 10% change	-7,204	349

A 10% decrease in the dollar against the euro would have a negative impact of k€7,204 and a 10% decrease in the pound sterling would have a positive impact of k€349 on the Group's equity.

At December 31, 2020, the current account contributed by Gaumont SA to its American subsidiary Gaumont TV USA was classified as a hedge on net foreign investments. In 2020, the future repayment of this current account can no longer be scheduled and is unlikely in a foreseeable future. The par value of this current account amounted to k\$28,593 as of December 31, 2020.



#### EQUITY RISK

Gaumont and its subsidiaries are not engaged in speculative stock market operations.

At December 31, 2020 Gaumont held 4,649 treasury shares traded under the liquidity contract and 200 registered shares for a total amount of k€257.

The risk of impairment of treasury shares related to volatility in the Gaumont share price remains marginal in view of the amounts invested.

## 7.2. Financial instruments

### Derivatives and hedging operations

The Group uses derivatives to manage and reduce its exposure to the risk of changes in interest rates and foreign exchange rates. These instruments include interest rate swap agreements and foreign exchange options as well as forward contracts to purchase or sell currencies.

Derivatives are initially recognized at their fair value on the effective date of the contract and then remeasured at each reporting date. The fair value of derivatives is shown on the statement of financial position as “Other receivables” or “Other payables”, depending on whether it results in an unrealized gain or loss.

#### NON-HEDGING DERIVATIVES

For instruments that do not qualify as hedges, the change in fair value is reported in financial income under “Other financial income and expenses”.

#### HEDGING DERIVATIVES

IFRS standards defines three categories of hedging derivatives, each having its own accounting method:

- fair value hedges are intended to provide protection from exposure to a change in the fair value of an asset or of a liability that has been recognized, or of a firm commitment that has not been recognized, which has an impact on net income;
- cash flow hedges are intended to provide protection from exposure to fluctuations in cash flows attributable to a particular risk associated with an asset or with a liability that has been recognized, or to a highly probable forecast transaction, which could affect net income;

- hedges of net investments in foreign operations are designed to protect from exposure to fluctuations in foreign exchange rates affecting an investment in a foreign entity.

When the Group enters into a hedging transaction, it ensures that:

- at the inception of the transaction, formal designation and documentation describe the hedging relationship and the Management’s objective in relation to the relevant risk management and hedging strategy;
- management expects the hedge to be highly effective in offsetting risks;
- the transactions hedged are highly probable and involve exposure to variations in cash flows that could ultimately affect income statement;
- the effectiveness of the hedge can be measured reliably;
- the effectiveness of the hedge is assessed on an ongoing basis and is determined to be highly effective throughout the life of the hedge.

For cash flow hedges, any changes in fair value relating to the effective portion of the derivative are recognized in other comprehensive income. The ineffective portion of these changes is recognized in operating income or in financial income for the year, depending on the nature of the hedged item. The changes in fair value that are recorded in equity are transferred to income statement for the year in which the hedged transaction occurs and affects income statement.

In 2020, the Group used foreign exchange derivatives to hedge its exposure to fluctuations in the value of the dollar.

Derivatives included in the statement of financial position at their fair value at the reporting date are reported below.

	12.31.20		12.31.19	
	ASSETS	LIABILITIES AND EQUITY	ASSETS	LIABILITIES AND EQUITY
Interest rate derivatives	-	-	-	-
Foreign exchange derivatives	262	98	188	310
<b>TOTAL</b>	<b>262</b>	<b>98</b>	<b>188</b>	<b>310</b>



Changes in the fair value of derivatives recorded in net income or other comprehensive income are presented as follow:

	12.31.20	OTHER COMPREHENSIVE INCOME	NET INCOME	CURRENCY TRANSLATION ADJUSTMENTS	PREMIUMS PAID	12.31.19
Derivative instruments – assets	262	-456	548	-18	-	188
Derivative instruments – liabilities	-98	457	-256	11	-	-310
<b>TOTAL</b>	<b>164</b>	<b>1</b>	<b>292</b>	<b>-7</b>	<b>-</b>	<b>-122</b>

The ineffective portion recognized in income for the period for these contracts resulted in a k€107 profit.

Derivatives designated as hedging instruments against the Group's foreign exchange exposure have the following characteristics:

	CURRENCY	COUNTERPARTY	NOTIONAL AMOUNT <i>(in thousands of currency)</i>	EXPIRATION DATE			
				LESS THAN 90 DAYS	FROM 90 TO 180 DAYS	FROM 180 TO 360 DAYS	OVER 360 DAYS
Forward currency purchases	MXN	USD	150,600	150,600	-	-	-
Forward currency purchases	EUR	USD	795	453	342	-	-
Forward currency purchases	JPY	USD	144,328	144,328	-	-	-
Forward currency purchases	CAD	USD	1,755	1,245	510	-	-
Forward currency sales	USD	EUR	45,945	45,945	-	-	-
Forward currency sales	GBP	EUR	4,073	4,073	-	-	-

### Financial instruments by category and fair value hierarchy

IFRS standards allocates financial assets into three separate categories:

- financial assets valued at amortized cost, which essentially comprises loans and receivables;
- financial assets held for transaction purposes, measured at fair value through profit and loss;
- available-for-sale financial assets, measured at fair value through equity.

Financial liabilities mainly include borrowings, which are valued at amortized cost.

Furthermore, IFRS standards classify financial assets and liabilities measured at fair value according to three hierarchical levels, depending on the more or less observable nature of the fair value of the instrument:

- level 1 instruments are financial instruments listed on an active market;
- level 2 instruments are those for which measurement at fair value requires using techniques based on observable market data;
- level 3 instruments are measured using techniques based on non-observable data.



The table below compares, by category, the carrying amount and the fair value of all of the Group's financial instruments. Financial assets and liabilities are measured at fair value in the financial statements.

	12.31.20		BREAKDOWN BY CATEGORY OF INSTRUMENTS					HIERARCHICAL LEVEL
	NET CARRYING VALUE	FAIR VALUE	FAIR VALUE THROUGH PROFIT AND LOSS	AVAILABLE FOR-SALE ASSETS	LOANS AND RECEIVABLES AT AMORTIZED COST	LIABILITIES AT AMORTIZED COST	DERIVATIVES	
Investments in non-consolidated entities	3	3	-	3	-	-	-	na
Other non-current financial assets	164	164	-	-	164	-	-	na
Other current financial assets	139,893	139,893	-	-	139,893	-	-	na
Derivative instruments – assets	262	262	-	-	-	-	262	2
Cash and cash equivalents	114,401	114,401	114,401	-	-	-	-	1
<b>Financial assets</b>	<b>254,723</b>	<b>254,723</b>	<b>114,401</b>	<b>3</b>	<b>140,057</b>	<b>-</b>	<b>262</b>	
Non-current borrowings	82,425	82,425	-	-	-	82,425	-	na
Other non-current financial liabilities	-	-	-	-	-	-	-	na
Current borrowings	54,731	54,731	-	-	-	54,731	-	na
Other current financial liabilities	95,666	95,666	13,183	-	-	82,483	-	3/na
Derivative instruments – liabilities	98	98	-	-	-	-	98	2
<b>Financial liabilities</b>	<b>232,920</b>	<b>232,920</b>	<b>13,183</b>	<b>-</b>	<b>-</b>	<b>219,639</b>	<b>98</b>	

Investments in non-consolidated companies are categorized as available-for-sale financial assets and carried at purchase cost as fair value cannot be reliably measured.

The fair value of interest rate and foreign exchange derivatives is estimated from measurements provided by banks or financial models commonly used in financial markets on the basis of market inputs at the reporting date for the year (level 2 measurement). These derivatives are designated as hedging instruments.

Other current financial liabilities included a liability of k€13,183 measured at fair value through profit and loss. This liability represents Gaumont's commitment to repurchase, in 2022, the right to a share of proceeds held by the investors in the French-language feature films produced and distributed by Gaumont, as well as the residual assets and liabilities of the investment structure. The fair value of this commitment was measured by applying the discounted cash flow method to the films released in movie theaters and to the asset and liability components identified as of the reporting date. As of December 31, 2020, the impact on net income of the discounted fair value of this commitment was -k€57.

No transfers in fair value hierarchy took place during the period.



CONSOLIDATED FINANCIAL INFORMATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	12.31.19		BREAKDOWN BY CATEGORY OF INSTRUMENTS					HIERARCHICAL LEVEL
	NET CARRYING VALUE	FAIR VALUE	FAIR VALUE THROUGH PROFIT AND LOSS	AVAILABLE FOR-SALE ASSETS	LOANS AND RECEIVABLES AT AMORTIZED COST	LIABILITIES AT AMORTIZED COST	DERIVATIVES	
Investments in non-consolidated entities	3	3	-	3	-	-	-	na
Other non-current financial assets	176	176	-	-	176	-	-	na
Other current financial assets	231,183	231,183	-	-	231,183	-	-	na
Derivative instruments – assets	188	188	-	-	-	-	188	2
Cash and cash equivalents	85,773	85,773	85,773	-	-	-	-	1
<b>Financial assets</b>	<b>317,323</b>	<b>317,323</b>	<b>85,773</b>	<b>3</b>	<b>231,359</b>	<b>-</b>	<b>188</b>	
Non-current borrowings	120,644	120,644	-	-	-	120,644	-	na
Other non-current financial liabilities	-	-	-	-	-	-	-	na
Current borrowings	12,801	12,801	-	-	-	12,801	-	na
Other current financial liabilities	117,771	117,771	16,964	-	-	100,807	-	3/na
Derivative instruments – liabilities	310	310	-	-	-	-	310	2
<b>Financial liabilities</b>	<b>251,526</b>	<b>251,526</b>	<b>16,964</b>	<b>-</b>	<b>-</b>	<b>234,252</b>	<b>310</b>	





## 8. Provisions and contingent liabilities

In accordance with IAS 37, a provision is accounted for where an obligation exists at the reporting date towards a third party as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, without the Group receiving at least equivalent consideration, and a reliable estimate can be made of the amount of the obligation.

In case of litigation where the risks appear to be unlikely, or difficult to quantify, no provision is accounted. They are disclosed as contingent “liabilities” unless the Group estimate that the risk that these proceeds having a material negative effect on the financials is remote. The occurrence of events during the procedure may lead at any time to a reassessment of the risk.

### 8.1. Change in current and non-current provisions

	12.31.20	MOVEMENTS OF THE PERIOD				12.31.19
		INCREASES	USES	REVERSALS <sup>(1)</sup>	OTHER <sup>(2)</sup>	
Provisions for pension and similar benefits	5,031	234	-68	-424	770	4,519
Provisions for legal proceedings with personnel	4,218	4,513	-	-	-295	-
<b>Non-current provisions</b>	<b>9,249</b>	<b>4,747</b>	<b>-68</b>	<b>-424</b>	<b>475</b>	<b>4,519</b>
Provisions for legal proceedings relating to intellectual property rights over works	450	450	-	-50	-	50
Provisions for legal proceedings with personnel	250	-	-8	-	-	258
Provisions for commercial legal proceedings	-	-	-	-	-	-
Provisions for other legal proceedings	-	-	-	-	-	-
Provisions for risks on investments in associates	-	-	-	-	-	-
Provisions for risks on creative works	-	-	-	-	-	-
Other provisions for miscellaneous risks	-	-	-	-	-	-
Provisions for property-related expenses	-	-	-	-	-	-
Provisions for personnel costs	-	-	-	-	-	-
Provisions for income taxes	-	-	-	-	-	-
Provisions for other costs	8	8	-307	-	-	307
<b>Current provisions</b>	<b>708</b>	<b>458</b>	<b>-315</b>	<b>-50</b>	<b>-</b>	<b>615</b>
<b>TOTAL</b>	<b>9,957</b>	<b>5,205</b>	<b>-383</b>	<b>-474</b>	<b>475</b>	<b>5,134</b>
Impact on current operating income		5,205	-383	-474	-	
Impact on non-current operating income		-	-	-	-	
Impact on share of net income of associates		-	-	-	-	
Impact on other comprehensive income		-	-	-	475	

(1) Unused amounts.

(2) Changes in scope, transfers between items, foreign currency translation adjustments and actuarial gains and losses.



Provisions for intellectual property disputes include ongoing disputes over ownership of creative works or over how proceeds from their distribution should be divided up.

Provisions for other legal proceedings relate to suits over the application of French employment regulations, but do not include disputes with employees going through arbitration which are reported under legal proceedings with personnel.

Provisions for other risks covers risks related to regulatory controls or partners in financial difficulties.

These provisions are adjusted according to changes in risk estimated using information available on the closing date. As of December 31, 2020, provisions for risk recognized in liabilities were measured on the basis of the amounts for which the Group is being sued, where it is considered probable that it will have to pay.

The provisions for costs related to personnel are representative of severance pay whose obligating event occurred prior to December 31, 2020.

In 2019, a tax audit was done on Gaumont the conclusions of which were brought to the attention of the company at end-December. The estimated amount of the remaining financial risk, of k€307, was fully reversed in 2020 following the final payment.

## 8.2. Contingent liabilities

During the year, in France, Gaumont was subject to four legal proceedings behind the French Commercial court, including an urgent proceeding for cases relating mainly to transfer of rights transactions between 2015 and 2019. A fifth proceeding, aimed at highlighting Gaumont's responsibility as part of a class action, was initiated in the second half of 2020.

Concerning the urgent proceeding, the Commercial court declared that the case fell within the remit of the Judicial court.

The Group also believes that it has solid arguments in order to characterize the risk associated with these actions as low.

## 8.3. Employee benefits

The provision for post-employment benefits relates to the Group's pension commitment to its employees.

Provisions for pension and similar benefits include pensions and other retirement benefits provided for under the collective agreements of the Group's companies and commitments related to bonuses granted subject to certain seniority conditions. These provisions solely relate to the Group's French employees.

In accordance with IAS 19, it is calculated, by independent actuaries, on the basis of the projected unit credit method at the date of retirement, based on the salary at that date, and regarding the following assumptions:

- rights under agreements measured in relation to the length of service accrued by the various categories of personnel;
- an assumption of the retirement date varying based on the employees' job category and date of birth, in order to take into account the regulations in force;
- an estimated turnover rate based on past experience;
- wages and salaries, including employer's social security contributions, measured at the prevailing rates;
- an annual rate of salary increase;
- mortality based on statistical tables;
- discount rate reviewed at each reporting date, based on long-term corporate bonds (Euro zone AA rated corporate bonds +10 years).

In accordance with IAS 19:

- commitments are all recognized as a liability on the consolidated statement of financial position;
- past service costs, profits and losses on liquidation and the net interest on the liabilities recognized in respect of the services defined are recognized as net income for the year and presented in "Personnel costs";
- the actuarial gains and losses are recognized in "Other comprehensive income";
- impacts of plan amendments are immediately recorded in net income;
- the expected rate of return on plan assets is the same as the discount rate applied to the defined benefit obligation.

The Group has no assets in respect of its defined benefit plans.

The Group also recognizes its commitments related to bonuses granted subject to certain seniority conditions. The value of these commitments is calculated by applying the method and assumptions used to measure the pension benefit.



Analysis of provisions for pension and similar benefits break down as follows:

	12.31.20	12.31.19
Pensions	4,846	4,349
Seniority bonuses	185	170
<b>TOTAL</b>	<b>5,031</b>	<b>4,519</b>

The commitment for post-employment benefits is expected to result in the payment schedule set out below.

	12.31.20	12.31.19
<b>Expected payments in the next ten years</b>		
Less than 1 year	514	376
1 to 5 years	354	407
5 to 10 years	1,313	1,164
<b>AVERAGE DURATION OF THE COMMITMENT (in years)</b>	<b>13.37</b>	<b>13.15</b>

The changes in actuarial liability for the last three years are detailed in the table below.

	2020			2019		
	PENSIONS	SENIORITY BONUSES	TOTAL	PENSIONS	SENIORITY BONUSES	TOTAL
<b>ACTUARIAL LIABILITY AT THE BEGINNING OF THE YEAR</b>	<b>4,349</b>	<b>170</b>	<b>4,519</b>	<b>3,688</b>	<b>147</b>	<b>3,835</b>
Current service cost	343	16	359	299	15	314
Plan amendment	-424	-	-424	-	-	-
Benefits paid	-59	-9	-68	-69	-2	-71
<b>Service cost</b>	<b>-140</b>	<b>7</b>	<b>-133</b>	<b>230</b>	<b>13</b>	<b>243</b>
Discounting effect	27	1	28	61	2	63
<b>Interest expense</b>	<b>27</b>	<b>1</b>	<b>28</b>	<b>61</b>	<b>2</b>	<b>63</b>
<b>Actuarial gains and losses recognized in income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>8</b>
<b>Net expense recognized in income</b>	<b>-113</b>	<b>8</b>	<b>-105</b>	<b>291</b>	<b>23</b>	<b>314</b>
Experience gains/losses	43	-15	28	-54	-	-54
Changes in demographic assumptions	3	-	3	4	-	4
Changes in financial assumptions	564	22	586	420	-	420
<b>Actuarial gains and losses recognized in comprehensive income</b>	<b>610</b>	<b>7</b>	<b>617</b>	<b>370</b>	<b>-</b>	<b>370</b>
<b>Amounts recognized in other comprehensive income</b>	<b>610</b>	<b>7</b>	<b>617</b>	<b>370</b>	<b>-</b>	<b>370</b>
Changes in scope	-	-	-	-	-	-
<b>ACTUARIAL LIABILITY AT THE END OF THE YEAR</b>	<b>4,846</b>	<b>185</b>	<b>5,031</b>	<b>4,349</b>	<b>170</b>	<b>4,519</b>



The future liability for pension and similar benefits was assessed based on the following actuarial assumptions:

	PENSIONS		SENIORITY BONUSES	
	12.31.20	12.31.19	12.31.20	12.31.19
Discount rate	0.65%	0.65%	0.65%	0.65%
Expected return on plan assets	0.00%	0.00%	0.00%	0.00%
Inflation rate	1.70%	1.70%	1.70%	1.70%
Average expected increase in salaries	2.26%	1.70%	2.26%	1.70%

Applying the actuarial assumptions, the expected charge for 2021 breaks down as follows:

	2021		
	PENSIONS	SENIORITY BONUSES	TOTAL
Current service cost	397	19	416
Plan amendment	-	-	-
<b>Service cost</b>	<b>397</b>	<b>19</b>	<b>416</b>
Discounting effect	30	1	31
<b>Interest expense</b>	<b>30</b>	<b>1</b>	<b>31</b>
<b>EXPECTED CHARGE FOR THE PERIOD</b>	<b>427</b>	<b>20</b>	<b>447</b>

The table below shows the sensitivity of the commitment and future charge to a 100 basis points change in the discount rate. The amounts shown represent the change compared with the liability reported in the statement of financial position or to the expected charge for the next period.

ASSUMPTIONS	PRESENT VALUE OF LIABILITY			SERVICE COST IN 2021		
	PENSIONS	SENIORITY BONUSES	TOTAL	PENSIONS	SENIORITY BONUSES	TOTAL
Discount rate (Basic rate: 0.65%)						
-0.65%	733	26	759	51	3	54
1.65%	-572	-21	-593	-94	-4	-98

## 9. Other information

### 9.1. Income tax and other taxes

#### Principles and methods of recognition of duties and taxes

##### OBLIGATING EVENT FOR LEVY RECOGNITION

In accordance with the interpretation of IFRIC 21, the obligating event for levy recognition is the event that triggers the payment, as defined in legal and regulatory provisions. When the obligating event occurs over a certain period of time, the tax liability is recognized gradually over the period.

When legal and regulatory provisions state that a minimum threshold must be reached for the tax to be payable, it is recognized when the threshold is actually reached.

##### DEFERRED TAX

In accordance with IAS 12, deferred tax is recognized for all temporary differences identified between the carrying amount of assets and liabilities and their tax bases, using the liability method.

Deferred tax assets on tax loss carryforwards are recognized when their recovery is considered probable based on recent business plans.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are assessed at the tax rates that are expected to be applied during the year in which the asset will be realized or the liabilities paid, based on known tax rates applicable in the various countries on the reporting date.

The Group considers the local business tax (*Contribution économique territoriale*) and in particular the contributions based on the added value of companies (*Cotisation sur la valeur ajoutée des entreprises*, or CVAE) as an operating expense which does not come under the scope of IAS 12. No deferred tax liability is recognized on this basis.



## Reconciliation of recorded tax and theoretical tax

	2020	2019
Net income of companies before tax	-15,900	-38,687
Current tax rate applicable to the parent company	28.00%	28.00%
<b>Theoretical tax</b>	<b>4,452</b>	<b>10,832</b>
Reduced tax rate differentials	-	-
Effect of change in rates on temporary differences	-	-
Tax rate differentials between France and abroad	23	-712
Share of net income of associates	-	-
Permanent differences	-160	-360
Impact of capping deferred tax assets at the amount of deferred tax liabilities	285	-3,583
Long-term gains on disposals of consolidated shares	-	-61
Change in unrecognized tax loss carryforwards	-7,582	-7,951
Tax consolidation	1,000	970
Tax credits in operating income <sup>(1)</sup>	1,443	1,062
Income tax without base and tax credits	-334	-48
<b>Effective tax benefit (expense)</b>	<b>-873</b>	<b>149</b>
Effective tax rate	-5.49%	0.39%

(1) In the consolidated financial statements, the cinema tax credit and the employment competitiveness tax credit are presented in current operating income.

## Breakdown of the tax expense or benefit

	2020	2019
Current income tax	-312	-241
Deferred tax	-561	390
<b>TOTAL TAXES</b>	<b>-873</b>	<b>149</b>

## CURRENT INCOME TAX

Current tax income or expense is equal to the amounts of income tax, net of tax credits, owed to the tax authorities for the year under the tax law, and rates in force in the various countries.

Gaumont and the French subsidiaries of which it owns 95% or more have elected for the tax consolidation scheme.

The tax consolidation group includes Gaumont SA, Gaumont Télévision SAS, Gaumont Production SARL, Gaumont Animation SAS, Gaumont Musiques SARL, Editions la Marguerite SARL, Gaumont Production Télévision SARL, Gaumont Production Animation SARL, and since January 1, 2020, GP Archives SAS and Gaumont Vidéo SAS.

The tax consolidation is neutral for the subsidiaries, as the tax savings or expenses generated by consolidation are recognized in the financial statements of Gaumont SA. The tax saving on profits inherent in the tax losses of the consolidated subsidiaries are systematically repaid to the latter.

The tax consolidation generated tax savings of k€1,000 for the year.

## DEFERRED TAX

The rate used to calculate deferred tax is as follows:

	2020	2019
Standard tax rate for French companies	25.00%	25.00%
Tax rate for companies based in Germany	20.50%	20.50%
Tax rate for companies based in the United Kingdom	19.00%	19.00%
Tax rate for companies based in California, the United States	28.00%	28.00%

The tax rate used for the assessment of deferred tax of French entities at December 31, 2020 factors in the gradual reduction of the income tax rate, whereby the rate of tax on company profits will be lowered to 25% in 2022.

There is no impact from the change in the French tax rate on the Group's net earnings to the extent that the tax losses of the integrated group are recognized in the financial statements so that the net deferred tax assets of group companies do not exceed their net deferred tax liabilities and that the unrecognized tax losses of the tax consolidation group are adequate to cover the changes linked to the decrease in tax rate.



Deferred tax is presented in the statement of financial position under non-current assets and/or non-current liabilities, as applicable. They break down as follows:

	12.31.20	EFFECT ON COMPREHENSIVE INCOME	OTHER CHANGES <sup>(1)</sup>	12.31.19
Deferred tax assets	3,761	543	-663	3,881
Deferred tax liabilities	-2,821	-452	645	-3,014
<b>NET DEFERRED TAX</b>	<b>940</b>	<b>91</b>	<b>-18</b>	<b>867</b>

(1) Changes in scope, transfers between items and foreign currency translation adjustments.

The origin of the net deferred tax is presented below.

	12.31.20	EFFECT ON COMPREHENSIVE INCOME	OTHER CHANGES <sup>(1)</sup>	12.31.19
Recognized unused tax losses	5,910	-1,152	-18	7,080
Fair value of films	-958	307	-	-1,265
Fair value of land and buildings	-5,092	57	-	-5,149
Accelerated amortization of films	252	-1,642	-	1,894
Other temporary differences	828	2,521	-	-1,693
<b>NET DEFERRED TAX</b>	<b>940</b>	<b>91</b>	<b>-18</b>	<b>867</b>

(1) Changes in scope, transfers between items and foreign currency translation adjustments.

### Income tax on other comprehensive income

OTHER COMPREHENSIVE INCOME	2020			2019		
	GROSS AMOUNT	TAX EFFECT	NET AMOUNT	GROSS AMOUNT	TAX EFFECT	NET AMOUNT
Translation adjustments of foreign operations	4,067	-	4,067	-468	-	-468
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-
Changes in fair value of hedging financial instruments	-1,843	460	-1,383	599	-168	431
Changes in asset revaluation surplus	-	-	-	-	-	-
Actuarial gains (losses) on defined benefit plans	-769	192	-577	-212	53	-159
Share in other comprehensive income of associates	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,455</b>	<b>652</b>	<b>2,107</b>	<b>-81</b>	<b>-115</b>	<b>-196</b>

At December 31, 2020, the losses of the Gaumont tax consolidation group that could be carried over indefinitely and against which there is a probability of charging future profits amounted to k€68,535.

Tax losses of the integrated group are recognized in the financial statements so that the net deferred tax assets of Group companies do not exceed their net deferred tax liabilities, after using any tax losses available prior to the fiscal consolidation. At December 31, 2020, recognized consolidated tax losses were k€18,346, compared with k€23,983 at the end of 2019.

A total of k€1,178 in individual tax loss carryforwards related to reporting periods prior to tax consolidation were also recognized at December 31, 2020 for companies in the scope of tax consolidation.

As of December 31, 2020, the previous tax loss carryforwards of European companies and French companies not benefiting from the tax consolidation regime amounted to k€5,442.

The tax losses of the American companies are recognized in the financial statements so that the deferred tax assets do not exceed their net deferred tax liabilities. At December 31, 2020, the losses recognized for the American companies are nil.

The tax losses of the German and British companies, whose activities were started in 2018 and being activated partially or totally, led to recognize a deferred tax asset amounted to k€900. The development perspectives of these two companies underpin the probable recovery of these capitalized losses.



## 9.2. Statutory auditors' fees

The fees of the statutory auditors and members of their network paid by the Group in 2019 and 2020 are as follows:

	TOTAL				ADVOLIS				EY			
	2020		2019		2020		2019		2020		2019	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Auditing</b>												
<b>Certification and review of separate and consolidated financial statements</b>												
• Issuer	237	54%	236	52%	91	91%	87	100%	146	43%	149	41%
• Consolidated subsidiaries	199	46%	216	48%	9	9%	-	0%	190	57%	216	59%
<b>Related services</b>												
• Issuer	-		-		-		-		-		-	
• Consolidated subsidiaries	-		-		-		-		-		-	
<b>TOTAL</b>	<b>436</b>	<b>100%</b>	<b>452</b>	<b>100%</b>	<b>100</b>	<b>100%</b>	<b>87</b>	<b>100%</b>	<b>336</b>	<b>100%</b>	<b>365</b>	<b>100%</b>

Related services are those in connection with typical service delivered following the statutory auditors' assignment or any other special mission, in general, non-recurring and by contract.

## 9.3. Subsequent events

No event likely to have a material impact on the consolidated financial statements set out above has occurred since December 31, 2020.



# STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

## Year ended 31 December 2020

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To the General meeting of shareholders of Gaumont,

### Opinion

In compliance with the engagement entrusted to us by your General meeting of shareholders, we have audited the accompanying consolidated financial statements of Gaumont for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

### Basis for opinion

#### Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

#### Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from January 1, 2020, to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

### Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements for this accounting period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. These measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on how audits are performed.

It is in this complex, evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.





## Valuation of films and audiovisual rights

<b>Risk identified</b>	<p>The feature films and animations, as well as audiovisual series produced or distributed by your group are fixed assets whose net amount totals €158.3 million in your group's consolidated financial statements as at December 31, 2020.</p> <p>Your group considers that the most appropriate way to reflect the gradual consumption of the economic benefits related to the films and audiovisual rights is to account for cost unit-based amortization, defined as the ratio of net proceeds acquired in the financial year to that of total forecast net proceeds over a maximum period of ten years as from the date of initial distribution.</p> <p>A residual value is attached to films that meet with widespread success when shown in cinemas and that present significant commercial potential beyond a ten-year period when your group considers that a film is likely to produce future economic benefits beyond that period.</p> <p>The uncertainty concerning the date for the re-opening of cinemas in France is a factor in the assessment of the box-office potential for films currently being made or already completed that are expected to be released in 2021.</p> <p>Consequently, the valuation of films and audiovisual rights depends on the estimates of future economic benefits, that are subject to regular updates and to uncertainty related to the global crisis resulting from the Covid-19 pandemic. We therefore considered these estimates to be a key audit matter.</p>
<b>Our response</b>	<p>Our work consisted in:</p> <ul style="list-style-type: none"> <li>• assessing, particularly in a context of uncertainty related to the global crisis resulting from the Covid-19 pandemic, the consistency of the estimates based on forecasts provided by the finance department and with respect to historical estimates, and performing sensitivity analyses on the volume of ticket sales forecast for films being made as at year-end;</li> <li>• testing the proper implementation of the rule for the calculation of amortization;</li> <li>• verifying, through sampling, the items used to calculate future economic benefits, notably by reconciliation with the contractual clauses and by comparison to historical estimates;</li> <li>• assessing the appropriateness of the information provided in the notes to the consolidated financial statements.</li> </ul>

## Recognition of revenue

<b>Risk identified</b>	<p>As at December 31, 2020, your group's revenue is composed of licences and distribution royalties amounting to a total of €154 million.</p> <p>As stated in note 3.2. to the consolidated financial statements, your group's revenue is notably generated by transfers of rights and distribution royalties.</p> <p>Revenue is recognized according to different methods depending on the nature of your group's performance obligations and the rate of their fulfilment. When a contract includes several performance obligations, each one is treated separately.</p> <p>The diversity of the distribution channels, the rights opening periods and conditions of distribution are a source of complexity in the recognition of revenue, and each contract also contains indications that are specific to it.</p> <p>Consequently, we considered compliance with the criteria for the recognition of revenue related to licences and distribution royalties, excluding revenue from release in cinemas, to be a key audit matter.</p>
<b>Our response</b>	<p>Our work consisted in:</p> <ul style="list-style-type: none"> <li>• documenting our understanding of the revenue recognition process;</li> <li>• analyzing the contractual clauses for a sample of contracts, in particular the most significant new contracts in the period as well as special transactions, and assessing the criteria used by Management to recognize the associated revenue according to the distribution channels considered and on the basis of the rights opening periods and conditions of distribution;</li> <li>• testing, through sampling, the reality and completeness of the revenue recognized with reference to contracts or external documents, and the recovery of trade receivables;</li> <li>• analyzing the trend in revenue by activity compared to the previous year-end;</li> <li>• testing the correct attachment of the revenue to the period for a sample of sales recognized in the period before and after year-end;</li> <li>• reviewing the reconciliation of subledgers with the trial balance;</li> <li>• reviewing manual entries and testing a sample based on amounts and/or estimated risk;</li> <li>• assessing the appropriateness of the information provided in the notes to the consolidated financial statements, notably in respect of IFRS 15.</li> </ul>



## Measurement of disputes and contingent liabilities

<b>Risk identified</b>	<p>Your group operates in a rapidly changing environment and a complex international regulatory framework. It is subject to considerable changes in legislation and in the application or interpretation of regulations, and is involved in disputes arising in the normal course of its business.</p> <p>Your group exercises its judgement in the measurement of the risks relating to its disputes and, as stated in note 8 to the consolidated financial statements, it recognizes a provision when the expense resulting from these disputes is probable and the amount can be either quantified or estimated within a reasonable range.</p> <p>The main disputes that may have a significant impact on your group are recognized as liabilities or, depending on the case, constitute contingent liabilities as described in note 8 to the consolidated financial statements.</p> <p>We consider these disputes to be a key audit matter in view of the significance of the amounts involved and the degree of judgement required to determine any provisions.</p>
<b>Our response</b>	<p>Our work consisted in:</p> <ul style="list-style-type: none"><li>• reviewing the procedures implemented by your group to identify all the risks and disputes;</li><li>• comparing these analyses with confirmations obtained from lawyers;</li><li>• assessing your group's analysis of the probability of occurrence of the risks as well as the assumptions on which the provisions are based, with respect to the corresponding documentation and, where applicable, written opinions from your group's external advisers. We also called upon the services of our legal experts for the more complex analyses;</li><li>• assessing the appropriateness of the information provided in the notes to the consolidated financial statements.</li></ul>

## Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

## Report on other legal and regulatory requirements

### Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, 1 of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the CEO, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

### Appointment of the statutory auditors

We were appointed as statutory auditors of Gaumont by the general meeting of shareholders held on May 2, 2005 for ADVOLIS and on May 3, 2011 for ERNST & YOUNG et Autres.

As at December 31, 2020, ADVOLIS was in its sixteenth year and ERNST & YOUNG et Autres in its tenth year of total uninterrupted engagement.

Previously, ERNST & YOUNG Audit was statutory auditor from 1988.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.



The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## Statutory auditors' responsibilities for the audit of the consolidated financial statements

### Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

### Report to the audit committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Paris-La Défense, March 31, 2021

The Statutory Auditors

ADVOLIS

Hugues de Noray

ERNST & YOUNG et Autres

Béatrice Belle





## INFORMATION ON CORPORATE OFFICERS

Operating Board members 92

Compensation of Corporate officers 101



## OPERATING BOARD MEMBERS

### Offices and functions held by the directors

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#### NICOLAS SEYDOUX

Born on July 16, 1939

French national

Number of Gaumont shares held at December 31, 2020: 526

Voting rights at December 31, 2020: 1,052

#### *Business address*

30, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

France

#### *Biography*

Graduate of the Paris *Institut d'Etudes Politiques* (IEP) and bachelor in law and economics. Head of the Legal Department of *Compagnie internationale pour l'Informatique* (CII) in Paris (1967-1970), Financial Analyst at Morgan Stanley & Co. Inc. in New York (1970-1971), and Morgan & Cie International SA in Paris (1971-1974). Gaumont Group: Vice-Chairman and Chief Executive Officer (1974), Chairman and Chief Executive Officer (1975-2004), Chairman of the Supervisory board (2004-2010) and since May 6, 2010, Chairman of the Board of directors. Since 2002, Chairman of the ALPA (*Association de Lutte contre la Piraterie Audiovisuelle* – a society to combat audiovisual pirating). Since 2003, Vice-Chairman of the Supervisory board of Arte. Chairman of the *Forum d'Avignon* association (2008-2014). Chairman of the General meeting of shareholders of Arte GEIE (2016-2020). Since 2021, Chairman of the General meeting of shareholders of Arte GEIE.

#### *Family ties with another Board member*

Father of Sidonie Dumas, Vice-Chairwoman of the Board of directors and Chief Executive Officer, father of Pénélope Seydoux and brother of Michel Seydoux, Board members.

#### *Functions and offices held in Gaumont SA*

##### • **Chairman of the Board of directors**

Term of Board member's appointment ends at the General meeting called to approve the 2022 financial statements

##### • **Chairman of the Appointments and compensation committee**

#### *Other functions and offices held in the Group*

##### • **Chairman** of Ciné Par SAS, controlling shareholder of Gaumont

#### *Other functions and offices held outside the Group*

##### • **Chairman** of the ALPA (*Association de Lutte contre la Piraterie Audiovisuelle* – an association to combat audiovisual pirating)

##### • **Vice-Chairman of the General meeting of shareholders** of Arte GEIE (since 2021)

##### • **Vice-Chairman of the Supervisory board** of Arte France SA

##### • **Member of the Management committee** of Les Cinémas Pathé Gaumont SAS

##### • **Chairman** of the Fondation C Génial

##### • **Chairman** of Grands Vins de Pazac SCA

##### • **Director** of Val Richer SC

##### • **Board member** of the Fondation des Diaconesses de Reuilly

#### *Functions and offices ceased within the last five years*

##### • **Chairman of the General meeting of shareholders** of Arte GEIE (end 2020)

##### • **Board member** of Gaumont Television USA Llc (United States) (end March 2020)

##### • **Chairman** of Gaumont Inc (United States) (end December 2018) and Gaumont Distribution Inc (United States) (end December 2018)

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## SIDONIE DUMAS

Born on April 28, 1967

French national

Number of Gaumont shares held at December 31, 2020: 1,165

Voting rights at December 31, 2020: 2,330

### *Business address*

30, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

France

### *Biography*

Sidonie Dumas swiftly embarked on a career in movies alongside Luc Besson.

In 2010, she was appointed Chief Executive Officer of Gaumont.

The company, which celebrated its 120<sup>th</sup> anniversary in 2015, is the oldest film production company in the world.

From *Don Giovanni* (Joseph Losey) to *Monsieur Gangster* (Georges Lautner), not to mention *Fantomas* (André Hunebelle), *The Dinner Game* (Francis Veber), *The Fifth Element* (Luc Besson), and countless other blockbusters, the company has been entertaining millions of viewers worldwide for decades.

Since her arrival at the helm of Gaumont, Sidonie Dumas has carried on the legacy preservation policy by systematically restoring films from the catalog, which includes more than 1,000 titles.

Pursuing the eclectic editorial line that defines the Gaumont brand, Sidonie Dumas has produced numerous box-office hits, including *Untouchable*, directed by Olivier Nakache and Eric Toledano and starring Omar Sy, winner of the César Award for Best Actor in 2012. It has alone brought together over 50 million viewers worldwide, becoming not only Gaumont's biggest hit, but also the second largest French blockbuster of all time.

Gaumont have received major awards with other films such as *Me Myself and Mum* in 2015, or more recently, *See You Up There* which was also awarded five Cesar Awards including Best Director, *C'est la Vie!*, *Rolling to You*, *Tout simplement noir* or *Bye Bye Morons*. All films produced by Sidonie Dumas and which were a huge success, with over a million tickets sold in France.

Within ten years, Sidonie Dumas set up subsidiaries in the United States, Germany and the United Kingdom and re-engages Gaumont in the production of series for historical channels and platforms, thanks to series such as *Narcos* or, in 2021, *Lupin: in the Shadow of Arsène*, the first French series to make it to Netflix's Top ten with more than 70 million views. Sidonie Dumas has thus enabled the company to acquire a genuine international footprint.

Gaumont, through Sidonie Dumas and her teams, strives to develop an art form for which it has always been and still is one of the most ardent promoters.

### *Family ties with another Board member*

Daughter of Nicolas Seydoux, Chairman of the Board of directors, sister of Pénélope Seydoux and niece of Michel Seydoux, Board members.

### *Functions and offices held in Gaumont SA*

- **Board member and Vice-Chairwoman of the Board of directors**  
Term of appointment ends at the General meeting called to approve the 2022 financial statements
- **Chief Executive Officer** since May 6, 2010, appointed for an indefinite term

### *Other functions and offices held in the Group*

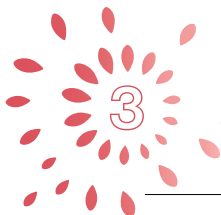
- **Chairwoman** of GP Archives SAS, Gaumont Télévision SAS, Gaumont Animation SAS, and Gaumont Vidéo SAS (since March 2020)
- **Board member and Chairwoman** of Gaumont USA Inc (United States)
- **Director - Chief Executive Officer** of Gaumont Ltd (United Kingdom)
- **Chief Executive Officer** of Gaumont Television USA Llc (United States), Gaumont Animation USA Llc (United States), Gaumont Films USA Llc (United States) and Gaumont Distribution TV Llc (United States)
- **Manager** of Editions la Marguerite SARL, Gaumont Musiques SARL, Gaumont Production SARL, Gaumont Production Animation SARL and Gaumont Production Télévision SARL

### *Other functions and offices held outside the Group*

- **Chairwoman** of the API (Association of Independent Producers) and the *Bureau de liaison des industries cinématographiques* (BLIC)
- **Managing Partner** of Apar SC
- **Legal representative of Gaumont, Board member** of *La Cinémathèque française* (an association that aims at preserving and promoting French film archives)
- **Member of the Supervisory board** of Banque Neufilze OBC SA
- **Board member** of the *Forum des Images* association
- **Representative of Gaumont, Member of the Board of Trustees** of the Academy Museum of Motion Pictures (United States)

### *Functions and offices ceased within the last five years*

- **Member of the Management committee** of GP Archives SAS (end June 2020)
- **Board member** of Gaumont Television USA Llc (United States) (end March 2020)
- **Legal representative of Gaumont, Manager** of Gaumont Vidéo SNC (end March 2020)
- **Board member** of Havas SA (end April 2019)
- **Chairwoman** of Mitzé Films SAS (end May 2018) and CDG SAS (from March to September 2019)
- **Manager** of Prestations et Services SARL (end May 2016), DD Catalogue SARL (end May 2018), Fideline Films SARL (end May 2018), Nouvelles Editions de Films (end May 2018), Gaumont Animation Musique SARL (end July 2019) and Mitzé Editions SARL (end July 2019)
- **Chairwoman** of the *Bureau de liaison des industries cinématographiques* (BLIC) (from January 2017 to January 2018)
- **Vice-Chairwoman** of Gaumont Inc (United States) (end December 2018) and Gaumont Distribution Inc (United States) (end December 2018)
- **Permanent representative of Gaumont, Member of the Management committee** of Les Cinémas Gaumont Pathé SAS (until May 2017)
- **Chairwoman of the Board of directors** of Gaumont Animation SA (until May 2015)



## INFORMATION ON CORPORATE OFFICERS

### OPERATING BOARD MEMBERS

#### ANTOINE GALLIMARD

Born on April 19, 1947

French national

Number of Gaumont shares held at December 31, 2020: 400

Voting rights at December 31, 2020: 800

#### *Business address*

5, rue Gaston Gallimard

75007 Paris

France

#### *Biography*

At the beginning of 1973, Antoine Gallimard joined the publishing house created in 1911 by his grandfather Gaston Gallimard and chaired as of January 1976 by his father, Claude.

Chief Executive Officer of Editions Gallimard (1981), and since 1988, Chairman and Chief Executive Officer.

Chairman of the *Syndicat national de l'édition* (2010-2012) and since 2012, Vice-Chairman.

Since 2012, Chairman of the association of *Petits Champions de la Lecture*, set up by the *Syndicat national du livre* to promote books and reading for children in elementary school.

#### *Family ties with another Board member*

None

#### *Functions and offices held in Gaumont SA*

- **Board member**

Term of appointment ends at the General meeting called to approve the 2022 financial statements

- **Member of the Appointments and compensation committee**

#### *Other functions and offices held in the Group*

None

#### *Other functions and offices held outside the Group*

- **Board member, Chairman and Chief Executive Officer** of Madrigall SA and Editions Gallimard SA

- **Board member** of Groupe Eyrolles SA and Flammarion SA

- **Board member and Chairman** of RCS Livres SAS

- **Permanent representative** of Editions Gallimard SA on the Board of directors of POL Éditeur SA and of Madrigall SA on the Board of directors of Mercure de France SA

- **Member of the Supervisory board** of Electre SA and Sodefis SAS

- **Chairman** of the BIEF (*Bureau International de l'Édition Française*) (since December 2020)

#### *Functions and offices ceased within the last five years*

- **Permanent representative** of Magridall SA on the Board of directors of Editions de la Table Ronde SA





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## FÉLICITÉ HERZOG

Born on April 23, 1968

French national

Number of Gaumont shares held at December 31, 2020: 10

Voting rights at December 31, 2020: 20

### *Business address*

42, avenue de Friedland

75008 Paris

France

### *Biography*

Manager and director of companies in Paris. Graduate of the Paris *Institut d'études politiques* (IEP, 1991) and has an MBA from INSEAD (June 2000). Félicité Herzog began her career at Lazard Frères in Paris (1992) and New York (1993), before moving to JP Morgan in London (1996) and then Apax Ventures & Co, a London-based investment fund (1997). Partner at Madison Dearborn Partners (2000). Head of M&A at the Publicis Group in Paris (2002-2006). Head of development at the Areva group (2007) and then Deputy Chief Executive Officer of Technicatome, a subsidiary of Areva (2009-2013). From 2013 to 2019, Chairwoman of Apremont Conseil, a strategy and M&A consultancy. From 2015 to 2018, Member of the Board of directors of Telecom Italia and its Risk control committee.

Since 2018, Member of the Board of directors of the Paris Museum of Modern Art and of the scientific committee of *Dialogues franco-italiens pour l'Europe*. Since September 2019, Strategy and Innovation Director at Vivendi group.

Author of two novels, *Un Héros* (Ed. Grasset, 2012) and *Gratis* (Ed. Gallimard, 2015), and one essay, *La France Retrouvée* (Ed. Flammarion, 2017).

### *Family ties with another Board member*

None

### *Functions and offices held in Gaumont SA*

- **Board member**

Term of appointment ends at the General meeting called to approve the 2021 financial statements

- **Member of the Audit committee**

### *Other functions and offices held in the Group*

None

### *Other functions and offices held outside the Group*

- **Board member** of Friends of the Paris Museum of Modern Art

- **Strategy and Innovation Director** at Vivendi group

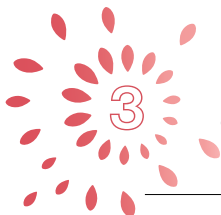
### *Functions and offices ceased within the last five years*

- **Chairwoman - Chief Executive Officer** of Apremont Conseil SAS (end 2019)

- **Member of the Board of directors** of Telecom Italia SpA (end 2018)

- **Member of the Risk and control committee** of Telecom Italia SpA (end 2018)

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**MICHEL SEYDOUX**

Born September 11, 1947

French national

Number of Gaumont shares held at December 31, 2020: 580

Voting rights at December 31, 2020: 1,160

**Business address**

19, rue de la Trémoille

75008 Paris

France

**Biography**

Assistant to the Chairman of the Central Organization for Camps and Youth Activities (OCCAJ) (1968-1970). Since 1971, founder and Manager of the company Camera One. Former Chairman of Air Littoral Holding and Losc Lille football club (2002-2017). Since July 2002, Member of the Management board of Pathé SAS.

Producer or co-producer of many films such as *F as in Fairbanks*, directed by Maurice Dugowson (1976), *Don Giovanni*, directed by Joseph Losey (1979), *Hôtel de France*, directed by Patrice Chéreau (1987), *Cyrano de Bergerac*, directed by Jean-Paul Rappeneau (1990), *Urga*, directed by Nikita Mikhalkov (1991), *Prospero's Book*, directed by Peter Greenaway (1991), *Toxic Affair*, directed by Philomène Esposito (1993), *Smoking and No Smoking*, directed by Alain Resnais (1993), *Anna: from Six till Eighteen* and *Burnt by the Sun*, directed by Nikita Mikhalkov (1994), *Same Old Song*, directed by Alain Resnais (1997), *The Barber of Siberia*, directed by Nikita Mikhalkov (1999), *René*, directed by Alain Cavalier (2002), *The Filmmaker*, directed by Alain Cavalier (2005), *Ambitious*, directed by Catherine Corsini (2006), *Leaving*, directed by Catherine Corsini (2008), *Irene*, directed by Alain Cavalier (2008), *Pater*, directed by Alain Cavalier (2011), *The Dance of Reality*, directed by Alejandro Jodorowsky (2013), *Le Paradis*, directed by Alain Cavalier (2014), *Le Caravage*, directed by Alain Cavalier (2015), *The Sense of Wonder*, directed by Eric Besnard (2015), *With Open Arms*, directed by Philippe de Chauveron (2016), *Six portraits XL*, directed by Alain Cavalier (2017) and *Living and Knowing You're Alive*, directed by Alain Cavalier (2019).

**Family ties with another Board member**

Brother of Nicolas Seydoux, Chairman of the Board of directors; uncle of Sidonie Dumas, Vice-Chairwoman of the Board of directors and Chief Executive Officer and uncle of Pénélope Seydoux, Board member.

**Functions and offices held in Gaumont SA****• Board member**

Term of appointment ends at the General meeting called to approve the 2022 financial statements

**• Member of the Appointments and compensation committee****Other functions and offices held in the Group**

None

**Other functions and offices held outside the Group**

- **Chairman** of MSI SAS, Citadelle Invest SAS and Socle SAS
- **Member of the Management board** of Pathé SAS
- **Manager** of Camera One SARL, FMS SNC, La Serdinière SARL and Camera One Musique SARL
- **Managing Partner** of Liberté 25 Citadelle SC
- **Managing Director** of 14 Août Inc, Productions Euréka! Inc, 9184-1031 Québec Inc and 9098-2158 Québec Inc (Canada)

**Functions and offices ceased within the last five years**

- **Chairman** of Les Cabrettes SAS (end June 27, 2019), Citadelle Invest SAS (end September 17, 2020) and Socle SAS (until June 30, 2020)
- **Liquidator** of Socle SAS (from June 30 to October 15, 2020), delisted on January 8, 2021
- **Manager** of JSI SC (end March 2018)
- **Member of the Management committee** of Gaya Rive Gauche SAS (end June 2017)
- **Chairman of the Board of directors** of Socle SA (end February 2017) and Losc Lille SA (end January 2017)
- **Member of the Supervisory board** of Grand Lille TV SAS (end February 2017)
- **Manager** of the SCI du Domaine de Luchin SC (end January 2017)
- **Board member** of Financière Bon SA (November 2015) and of Groupement de Luchin GIE (end January 2017)



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## PÉNÉLOPE SEYDOUX

Born on May 25, 1966

French national

Number of Gaumont shares held at December 31, 2020: 530

Voting rights at December 31, 2020: 1,060

### *Business address*

Chemin de Haute Brise 1A

1012 Lausanne

Switzerland

### *Family ties with another Board member*

Daughter of Nicolas Seydoux, Chairman of the Board of directors, sister of Sidonie Dumas, Vice-Chairwoman of the Board of directors and Chief Executive Officer and niece of Michel Seydoux, Board member.

### *Functions and offices held in Gaumont SA*

- **Board member**

Term of appointment ends at the General meeting called to approve the 2022 financial statements

- **Member of the Audit committee**

### *Other functions and offices held in the Group*

None

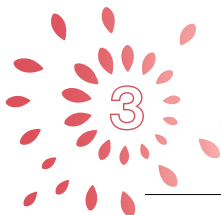
### *Other functions and offices held outside the Group*

- **Manager** of La Fermière SARL (Switzerland)

### *Functions and offices ceased within the last five years*

None

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**MARC TESSIER**

Born on July 21, 1946

French national

Number of Gaumont shares held at December 31, 2020: 123

Voting rights at December 31, 2020: 246

**Business address**

10, rue de l'Arche

92400 Courbevoie

France

**Biography**

Graduate of the *Ecole Polytechnique* and *Ecole Nationale d'Administration* (ENA). Inspector of Finances (1971), Seminar Director at the *Paris Institut d'Etudes Politiques* (IEP) (1972-1974), then Mission Head at the Department for External Economic Relations (DREE) (1976-1978). Deputy to the General director of energy and raw materials at the Ministry for Industry (1978-1979) then Deputy Director of the Cabinet to André Giraud (Minister of Industry) (1980-1981). Chief Financial Officer of Havas (1982-1983), before becoming Chief Executive Officer (1983-1987). Chief Executive Officer of Canal+ (1984-1986), and later Advisor to the Chairman of Canal+ (1987-1989). Chief Executive Officer of the Company for the study and exploitation of satellite television (SEETS) (1987-1989), before becoming Chief Executive Officer of Canal+ International (1989-1993), and then Chief Executive Officer and Head of development at Canal+ (1993-1995). Chief Executive Officer of the French National Center for Cinematography (CNC) (1995-1999). Chairman of the Audiovisual and Telecommunications Institute in Europe (IDATE) (1998-2000). Chairman of France Télévisions then of France Télévisions group (1999-2005).

Since January 2006, various roles in Netgem SA's electronic media subsidiaries (Netgem Media Services, Glowria and Videofutur). Since November 2016, Advisor to the Chairman of Vitis, a subsidiary of Netgem SA.

**Family ties with another Board member**

None

**Functions and offices held in Gaumont SA****• Board member**

Term of appointment ends at the General meeting called to approve the 2022 financial statements

**• Chairman of the Audit committee****Other functions and offices held in the Group**

None

**Other functions and offices held outside the Group**

• **Board member** of Société éditrice du Monde SA, Aquaboulevard SAS and Antenne Réunion group

• **Non-voting Board member** on the Board of directors of Groupe Rousselet SAS (ex-G7) and on the Board of directors of Netgem SA

• **Chairman** of the *Forum des Images* association and the France Film association

• **Manager with a controlling interest** of NJEE Productions SARL

**Functions and offices ceased within the last five years**

• **Vice-Chairman** of the *Fondation de France* (end December 2019)

• **Board member** of Ediradio SAS (RTL) (end October 2017)

• **Board member** of Netgem SA (end January 2017)



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## JEAN TODT

Born on February 25, 1946

French national

Number of Gaumont shares held at December 31, 2020: 500

Voting rights at December 31, 2020: 1,000

### *Business address*

2, rue des Granges

1204 Geneva

Switzerland

### *Biography*

Former student of the EDC Paris Business School.

Rally co-driver (1966-1981). Peugeot: Founder of Peugeot Talbot Sport (1982), Director of sports activities at PSA Peugeot Citroën group (1990). Ferrari (Fiat group company): Head of motor sport management at Ferrari (1993-2008), Responsible for all Ferrari-Maserati group sports activities (2001), Chief Executive Officer of Ferrari SpA and Group CEO (2004-2008), Advisor to the Ferrari Chairman (2008-2009). *Fédération Internationale de l'Automobile* (FIA): Chairman (since 2009). Since 2015, Special Envoy for Road Safety of the United Nations Secretary-General.

### *Family ties with another Board member*

None

### *Functions and offices held in Gaumont SA*

- **Board member**

Term of appointment ends at the General meeting called to approve the 2022 financial statements

### *Other functions and offices held in the Group*

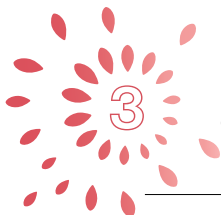
None

### *Other functions and offices held outside the Group*

- **Founder member** and **Vice-Chairman** of the *Institut du cerveau et de la moelle épinière* (ICM)
- **Member of the Board of directors** of the FIA Foundation for the Automobile and Society
- **Chairman of the Board of directors** of the SUU Foundation
- **Member of the Board of directors** of the International Peace Institute (IPI)
- **Member of the Public Affairs and Social Development through Sport committee** of the CIO
- **Board member** of the Ban Ki-moon Centre for Global Citizens
- **Member of the Board of directors** of Groupe Lucien Barrière SAS and Edmond de Rothschild SA

### *Functions and offices ceased within the last five years*

- **Chairman** of the *Fédération internationale de l'automobile* (FIA) (end December 2020)
- **Chairman** of eSafety Aware (FIA) (until 2018)
- **Member of the Board of directors** of the *Société des Amis du Musée d'Art Moderne de la Ville de Paris*
- **Member of the Advisory board** of Sotheby's International (end 2018)

**FLEUR PELLERIN**

Born on August 29, 1973

French national

Number of Gaumont shares held at December 31, 2020: 0

Voting rights at December 31, 2020: 0

*Business address*

87, rue Réaumur

75002 Paris

France

*Biography*

Fleur Pellerin was born in Seoul in 1973. She was adopted in 1974 by a French family and grew up in the Paris region.

Graduate of the *Ecole Supérieure des Sciences Economiques et Commerciales* (ESSEC), the *Paris Institut d'Etudes Politiques*, she joined the *Cour des comptes* after graduating from the *Ecole Nationale d'Administration* (ENA) in 2000.

On May 16, 2012, Fleur Pellerin was appointed to the government of Jean-Marc Ayrault as Deputy Minister for SMEs, Innovation and the Digital Economy.

During her time at Bercy, she created the momentum for FrenchTech, introduced measures in favor of entrepreneurs, and worked to put digital technology at the core of government and State action.

On April 9, 2014, she became State Secretary for International Trade, Promotion of Tourism and French People Abroad, then Minister of Culture and Communication from August 26, 2014.

After leaving the government in February 2016, she resigned from the Public service and created Korelya Capital in September of that same year. With this investment fund, she mobilized €200 million, raised from the South Korean internet giant Naver and its subsidiary Line, to invest in European tech start-ups and help them grow by supporting in particular their international development.

Fleur Pellerin is an independent director of Schneider Electric, KLM, Talan, Devialet and Stanhope Capital. She is also Board member of various institutions and think tanks (CanneSeries and Eurockéennes festivals, the *Musée du Louvre* endowment fund, *Institut Montaigne*, *France Digitale*).

Fleur Pellerin speaks English, German, Japanese and is learning Korean.

*Family ties with another Board member*

None

*Functions and offices held in Gaumont SA*

- Appointment to the position of **Board member** submitted to the General meeting of May 6, 2021 for a three-year term expiring at the end of the General meeting called to approve the 2023 financial statements

*Other functions and offices held in the Group*

None

*Other functions and offices held outside the Group*

- **Founder and Chief Executive Officer** of Korelya Capital SAS
- **Board member** of Schneider Electric SE, KLM, Talan SAS, Devialet SA and Stanhope Capital SAS

*Functions and offices ceased within the last five years*

- **Minister of Culture and Communication** (August 2014-February 2016)



## COMPENSATION OF CORPORATE OFFICERS

### Comprehensive report on 2020 compensation of corporate officers

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#### 2020 compensation of corporate officers and equity ratios

The total compensation and benefits of all types paid or allocated to the corporate officers for 2020 are in line with the principles and criteria approved by the General meeting of June 16, 2020 by a vote on the 5<sup>th</sup> resolution and are part of the company's long-term development strategy.

At the Board of directors meeting of April 22, 2020, upon the Appointments and compensation committee's proposal, considering the outlook for 2020, heavily impacted by the Covid-19 health crisis and in solidarity with the company, the Board members decided to waive up to two-thirds of the total compensation which would be paid to them for the 2019 and 2020 fiscal years and to apply a discount similar to that suffered by the company's senior management to the compensation of the Chairman of the Board of directors and the Chief Executive Officer for the period corresponding to the duration of the partial activity scheme.



INFORMATION ON CORPORATE OFFICERS  
COMPENSATION OF CORPORATE OFFICERS

The table below shows the total compensation and benefits of any kind, broken down by fixed, variable and exceptional components, paid to the corporate officers in 2020, or granted for fiscal year 2020.

<i>(in euros)</i>	TITLE	COMPENSATION <sup>(1)</sup>	AMOUNTS PAID IN 2020 <sup>(3)</sup>	PERCENTAGE OF THE FIXED AND VARIABLE COMPENSATION	MAXIMUM AMOUNTS ALLOCATED FOR 2020 <sup>(3)</sup>	PERCENTAGE OF THE FIXED AND VARIABLE COMPENSATION
Nicolas Seydoux	Chairman of the Board of directors	Fixed compensation	743,565	100%	743,565	100%
	Chairman of the Appointments and compensation committee	Variable compensation <sup>(2)</sup>	-		-	
	<b>TOTAL</b>		<b>743,565</b>		<b>743,565</b>	
Sidonie Dumas	Chief Executive Officer	Fixed compensation	743,565	100%	743,565	100%
	Board member	Variable compensation <sup>(2)</sup>	-		-	
	<b>TOTAL</b>		<b>743,565</b>		<b>743,565</b>	
Antoine Gallimard	Board member	Fixed compensation	15,500	60.8%	15,500	60.8%
	Member of the Appointments and compensation committee	Variable compensation	10,000	39.2%	10,000	39.2%
	<b>TOTAL</b>		<b>25,500</b>		<b>25,500</b>	
Félicité Herzog	Board member	Fixed compensation	15,500	60.8%	15,500	64.4%
	Member of the Audit committee	Variable compensation	10,000	39.2%	8,571	35.6%
	<b>TOTAL</b>		<b>25,500</b>		<b>24,071</b>	
Michel Seydoux	Board member	Fixed compensation	15,500	60.8%	15,500	60.8%
	Member of the Appointments and compensation committee	Variable compensation	10,000	39.2%	10,000	39.2%
	<b>TOTAL</b>		<b>25,500</b>		<b>25,500</b>	
Pénélope Seydoux	Board member	Fixed compensation	15,500	67.4%	15,500	60.8%
	Member of the Audit committee	Variable compensation	7,500	32.6%	10,000	39.2%
	<b>TOTAL</b>		<b>23,000</b>		<b>25,500</b>	
Marc Tessier	Board member	Fixed compensation	19,000	65.5%	19,000	68.9%
	Chairman of the Audit committee	Variable compensation	10,000	34.5%	8,571	31.1%
	<b>TOTAL</b>		<b>29,000</b>		<b>27,571</b>	
Jean Todt	Board member	Fixed compensation	12,000	61.5%	12,000	54.5%
		Variable compensation	7,500	38.5%	10,000	45.5%
	<b>TOTAL</b>		<b>19,500</b>		<b>22,000</b>	
<b>TOTAL ALL OF THE CORPORATE OFFICERS</b>			<b>1,635,130</b>		<b>1,637,273</b>	

(1) Before social and tax deductions.

(2) The basis for calculating the variable compensation is comprised of the consolidated net income Group share, after income tax, excluding exceptional items. As the company did not make any profit, no variable compensation was granted for 2020.

(3) For the Chairman of the Board of directors and the Chief Executive Officer, the amounts indicated take into account the discount suffered by the company's senior management as a result of the partial activity related to the health crisis. For Board members, the amounts take into account the partial waiver by the Board members of the compensation due to them for 2019 and 2020, up to two-thirds of the total amount voted by the GM of April 25, 2013.





The compensation allocated by the Board of directors to Board members for 2020 is subject to a provision over the period and paid the following year.

	COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS <sup>(1)</sup>	COMPENSATION OF THE CHIEF EXECUTIVE OFFICER <sup>(1)</sup>	AVERAGE EMPLOYEE COMPENSATION <sup>(2)</sup>	MEDIAN EMPLOYEE COMPENSATION <sup>(2)</sup>
2020 <i>(in euros)</i>	743,565	743,565	62,947	43,495
Ratio 1	11.81	11.81		
Ratio 2	17.10	17.10		

Ratio 1 - Level of compensation of each executive officer and the average full-time equivalent compensation paid to company employees other than corporate officers.

Ratio 2 - Level of compensation of each executive officer and the median full-time equivalent compensation paid to company employees other than corporate officers.

(1) 2020 compensation takes into account the discount suffered by the company's senior management as a result of the partial activity related to the health crisis.

(2) 2020 compensation takes into account the partial activity related to the health crisis.

<i>(in euros)</i>	2020	2019	2018	2017	2016
Compensation of the Chairman of the Board of directors <sup>(1)</sup>	743,565	750,000	750,000	914,449	879,382
Ratio 1	11.81	13.78	14.34	16.30	16.77
Ratio 2	17.10	18.19	18.75	22.02	21.13
Compensation of the Chief Executive Officer <sup>(1)</sup>	743,565	750,000	750,000	918,597	869,382
Ratio 1	11.81	13.78	14.34	16.38	16.58
Ratio 2	17.10	18.19	18.75	22.12	20.89
Compensation of Board members <sup>(2)</sup>	148,000	460,000	460,000	460,000	460,000
Ratio 1	2.35	8.45	8.79	8.20	8.77
Ratio 2	3.40	11.16	11.50	11.08	11.05
Average employee compensation <sup>(3)</sup>	62,947	54,415	52,312	56,088	52,431
Median employee compensation <sup>(3)</sup>	43,495	41,234	40,000	41,523	41,625
<b>NET INCOME OF GAUMONT SA</b>	<b>8,175,659</b>	<b>-30,222,852</b>	<b>8,065,410</b>	<b>295,823,029</b>	<b>7,258,179</b>

Ratio 1 - Level of compensation of each of the executive officers and Board members and the average full-time equivalent compensation paid to company employees other than corporate officers.

Ratio 2 - Level of compensation of each of the executive officers and Board members and the median full-time equivalent compensation paid to company employees other than corporate officers.

(1) 2020 compensation takes into account the discount suffered by the company's senior management as a result of the partial activity related to the health crisis.

(2) 2020 compensation takes into account the partial waiver by Board members of the compensation due to them in respect of 2019, amounting to two-thirds of the total amount voted by the GM of April 25, 2013.

(3) 2020 compensation takes into account the partial activity related to the health crisis.



### Cumulative employment contract and corporate office

The Chairman and the Chief Executive Officer have not held both an employment contract and corporate office since 2008.

### Termination benefits - Supplementary pension plan

As of December 31, 2020, executive corporate officers did not benefit from any supplementary pension plan or specific termination of office cover.

Corporate officers did not benefit from any golden hello or golden handshake.

	TITLE	TERM OF APPOINTMENT STARTED TERM OF APPOINTMENT ENDS	EMPLOYMENT CONTRACT	SUPPLEMENTARY PENSION PLAN	TERMINATION OF OFFICE PAYMENTS OR BENEFITS	NON-COMPETE CLAUSE PAYMENT
Nicolas Seydoux	Chairman of the Board of directors	05.06.10 2021 GM	no	no	no	no
Sidonie Dumas	Chief Executive Officer	05.06.10 indefinite	no	no	no	no

### Share purchase or subscription options

The conditions of the allocation of stock options of the plans put in place by the Board of directors are compliant with recommendation No. R18 of the Middlednext code against the excessive concentration of stock options on managers and against allocating options to executive corporate officers when they leave.

The conditions for the exercise and final allocation of options do not include performance conditions after the date of initial allocation, and for all beneficiaries whether they are managers, corporate officers or other employees. As the exercise and allocation for managers is carried out according

to conditions identical as those for other employees, the exercise and final allocation of these options are not subject to future performance conditions.

During 2020, no share purchase or subscription options were granted to corporate officers of Gaumont SA or any of its subsidiaries.

As a reminder, Ms. Sidonie Dumas benefits from options giving the right to subscribe for shares, as part of the stock option plans instituted by the company from February 1996 to February 2005.

During 2020, Ms. Sidonie Dumas did not exercise any options.



### Free shares and performance shares

The Group shall not grant any free shares or performance shares in favor of the corporate officers.

### Maximum Board members' compensation

The compensation allocated to Board members was set by the General meeting of April 25, 2013 at €460,000 for fiscal year 2013 and subsequent years, until decided otherwise by the General meeting.

The terms and conditions of compensation allocation are approved by the Board of directors.

At its meeting on May 16, 2017, the Board of directors decided to allocate compensation to non-voting Board members under the same terms and conditions as that of conventional Board members.

The breakdown of the compensation allocated to the Board members on the basis of €460,000, approved by the Board of directors on November 9, 2017 and maintained since until further decision, is as follows:

- €240,000 distributed equally among all Board members excluding the Chairman of the Board of directors and the Chief Executive Officer;
- €160,000 distributed to members according to their actual attendance at Board meetings;
- €20,000 for committee chairpersons based on their responsibility, *i.e.* €20,000 allocated to the Chairman of the Audit committee;
- €40,000 distributed equally among the members of the Appointments and compensation committee and the Audit committee (excluding the chairpersons).

At the Board of directors meeting on April 22, 2020, upon the Appointments and compensation committee's proposal, considering the outlook for 2020 significantly affected by Covid-19 and in solidarity with the company, the Board members have decided to waive up to two-thirds of their compensation which would be paid to them for the 2019 and 2020 fiscal years.

The compensation which is allocated by the Board of directors to its members once the General meeting has approved the financial statements is booked over the period and paid the following year.

### Other

No compensation was paid to corporate officers by the controlled or controlling companies within the meaning of Article L. 233-16 of the French Commercial code.

### Shareholder approval

This comprehensive report on the compensation and benefits of any kind paid in 2020, or granted for 2020, to all Gaumont corporate officers will be put to vote at the General meeting of shareholders on May 6, 2021.

#### SIXTH RESOLUTION (DRAFT)

#### ***Approval of the information on the compensation of corporate officers set out in paragraph I of Article L. 22-10-9 of the French Commercial code***

The General meeting, deliberating in accordance with the *quorum* and majority requirements for Ordinary General meetings, in accordance with Article L. 22-10-34 I of the French Commercial code, having read the Board of directors' report provided for by Article L. 225-37 of the French Commercial code, approves the information set out in paragraph I of Article L. 22-10-9 of that same code included in said report.

If this resolution is not approved, compensation payments to Board members will be suspended.



## Components of compensation and benefits of any kind paid in 2020 or allocated for 2020 to executive officers

### Components of executive officers' compensation in 2020

At the Board of directors meeting of April 22, 2020, upon the Appointments and compensation committee's proposal, in solidarity with the company's employees, whose compensation will be reduced due to part-time work, it was decided to apply a discount similar to that suffered by the company's senior management to the compensation of the Chairman of the Board of directors and the Chief Executive Officer, for the period corresponding to the duration of the partial activity scheme.

The table below shows the fixed, variable and exceptional components of the total compensation and benefits of all types paid in 2020, or allocated for 2020, to the Chairman of the Board of directors and the Chief Executive Officer, based on the principles and criteria approved by the General meeting of June 16, 2020 by a vote on the 5<sup>th</sup> resolution.

<i>(in euros)</i>	TITLE	COMPENSATION <sup>(1)</sup>	AMOUNTS PAID IN 2020 <sup>(3)</sup>	AMOUNTS ALLOCATED FOR 2020 <sup>(3)</sup>
Nicolas Seydoux	Chairman of the Board of directors	Fixed compensation	743,565	743,565
		Variable compensation <sup>(2)</sup>	-	-
	<b>TOTAL</b>		<b>743,565</b>	<b>743,565</b>
Sidonie Dumas	Chief Executive Officer	Fixed compensation	743,565	743,565
		Exceptional premium	-	-
		Variable compensation <sup>(2)</sup>	-	-
		Allocation of stock options	-	-
	<b>TOTAL</b>		<b>743,565</b>	<b>743,565</b>

(1) Before social and tax deductions.

(2) The basis for calculating the variable compensation is comprised of the consolidated net income Group share, after income tax, excluding exceptional items. As the company did not make any profit, no variable compensation was granted.

(3) The amounts take into account the discount suffered by the company's senior management as a result of the partial activity related to the health crisis.

No other compensation components or benefits of any type were paid during 2020, or allocated for the same period, to Mr. Nicolas Seydoux or Ms. Sidonie Dumas.

### Shareholder approval

These components of compensation and benefits of any kind paid in 2020, or allocated for 2020, to executive officers will be put to vote at the General meeting of shareholders on May 6, 2021.

#### SEVENTH RESOLUTION (DRAFT)

#### **Approval of the fixed, variable and special components comprising the total compensation and benefits of any kind paid to the Chairman of the Board of directors in 2020 or allocated to him in respect of that fiscal year**

The General meeting, deliberating in accordance with the *quorum* and majority requirements for ordinary general meetings, in accordance with Article L. 22-10-34 II of the French Commercial code, and having read the Board of director's report provided for by Article L. 225-37 of the French Commercial code, approves the fixed, variable and special components comprising the total

compensation and benefits of any kind presented in the abovementioned report and paid in 2019 or allocated for 2019 to the Chairman of the Board of directors.

#### EIGHTH RESOLUTION (DRAFT)

#### **Approval of the fixed, variable and special components comprising the total compensation and benefits of any kind paid to the Chief Executive Officer in 2020 or allocated to her in respect of that fiscal year**

The General meeting, deliberating in accordance with the *quorum* and majority requirements for ordinary general meetings, in accordance with Article L. 22-10-34 II of the French Commercial code, and having read the Board of directors' report provided for by Article L. 225-37 of the French Commercial code, approves the fixed, variable and special components comprising the total compensation and benefits of any kind presented in the abovementioned report and paid in 2019 or allocated for 2019 to the Chief Executive Officer.

The vote on these two resolutions conditions the payment of variable and special compensation components allocated to the Chairman of the Board of directors and the Chief Executive Officer for the 2020 financial year (in this case, no such compensation was allocated to them in 2020).



## SHARE CAPITAL AND SHAREHOLDERS

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## SHAREHOLDERS

### Shareholders holding over 5% of voting rights and treasury shares

#### Change in shareholding over the last three years

SHAREHOLDERS	12.31.20				12.31.19				12.31.18			
	BREAKDOWN OF CAPITAL		BREAKDOWN OF VOTING RIGHTS		BREAKDOWN OF CAPITAL		BREAKDOWN OF VOTING RIGHTS		BREAKDOWN OF CAPITAL		BREAKDOWN OF VOTING RIGHTS	
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Cine Par <sup>(1)</sup>	2,798,628	89.70	5,563,256	94.33	2,798,628	89.70	5,563,256	94.27	2,798,628	89.70	5,563,256	94.27
Public	316,446	10.14	334,696	5.67	316,446	10.14	338,201	5.73	316,446	10.14	338,229	5.73
Shares held by Gaumont SA	4,849	0.16	-	-	4,849	0.16	-	-	4,849	0.16	-	-
<b>TOTAL</b>	<b>3,119,923</b>	<b>100.00</b>	<b>5,897,952</b>	<b>100.00</b>	<b>3,119,923</b>	<b>100.00</b>	<b>5,901,457</b>	<b>100.00</b>	<b>3,119,923</b>	<b>100.00</b>	<b>5,901,485</b>	<b>100.00</b>

(1) Since October 2, 2017, Ms. Sidonie Dumas has the control of Ciné Par, up to that time held by Mr. Nicolas Seydoux.

To Gaumont's knowledge, no shareholder other than those mentioned in the above table held directly, indirectly or together more than 5% of the share capital or voting rights.

Gaumont is unable to estimate the exact number of its shareholders to date. At December 31, 2020, the number of registered shareholders was 81.

At December 31, 2020, Gaumont held 4,849 treasury shares, including 4,649 shares with a par value of €8 under its liquidity contract and 200 registered shares, representing a total investment of k€257. These shares constituted 0.16% of the capital and carried no voting rights or dividend rights.

No controlled entity owns Gaumont shares.

#### Significant events that had an impact on shareholding structure during the last three years

On June 22, 2018, Ciné Par received double voting rights for the 35,226 Gaumont shares registered in its name since June 2015.

#### Breaching of shareholding thresholds

To Gaumont's knowledge, no thresholds were crossed in 2020 and up to the date of this report.



## Trading in Gaumont's own shares

To ensure the Gaumont share continues to be liquidly traded and regularly quoted on the market, the Group has a counterparty account with broker Exane BNP Paribas under a liquidity contract, which was signed on July 1, 2010, for a one-year period and is tacitly renewable. The initial contributions of k€300 were supplemented by an additional k€100 in November 2010.

The liquidity contract is managed by Exane BNP Paribas, which is authorized to assess the need to intervene in the market solely for:

- facilitating the listing of the shares;
- improving the distribution of the share ownership;
- improving the security's liquidity in the market.

At December 31, 2020, resources allocated to this contract included 4,649 treasury shares and k€16 in cash.

In addition, at December 31, 2020, Gaumont held 200 registered treasury shares.

In 2020, Gaumont carried out the following transactions in its own shares:

	2020	2019
Number of shares purchased	-	-
Average purchase price	-	-
Number of shares sold	-	-
Average sale price	-	-
Trading fees	-	-
Number of shares held on December 31	4,849	4,849
Value of shares held on December 31	€257,519	€257,519
Percentage of capital held on December 31	0.16%	0.16%
Par value of shares	€8	€8

## Employee and executive shareholding

### Executive shareholders

To Gaumont's knowledge, the Board members together directly held 3,834 shares, representing 0.12% of the company's capital and 0.13% of the company's voting rights as of December 31, 2020.

### Trading in the company's shares by executive officers and directors

To Gaumont's knowledge, no trading in shares of the company was carried out by Gaumont's executive officers in 2020.

### Employee shareholders

To Gaumont's knowledge, none of its employees held shares at December 31, 2020.

To Gaumont's knowledge, there is no savings plan or fund invested in the company's shares for the benefit of its current or former employees.

## Dividend policy

The distribution policy in relation to future dividends is based on various criteria, in particular, the company's investment requirement, its financial position and market practices.

Unclaimed dividends are forfeited five years after they become payable, as provided by Article 2224 of the French Civil code (*Code civil*). Such unpaid dividends are paid to the French Treasury, pursuant to Article L. 1126-1 of the French State Property code (*Code général de la propriété des personnes publiques*).

Gaumont paid out the following dividends for the last five years:

YEARS	NUMBER OF SHARES PAID <sup>(1)</sup>	DIVIDENDS PAID FOR THE PERIOD (in euros)		
		NET	TAX ASSET	TOTAL
2015	4,268,775	1.00	-	1.00
2016	3,114,575	1.00	-	1.00
2017	3,115,047	1.00	-	1.00
2018	3,115,074	1.00	-	1.00
2019	-	-	-	-

(1) Excluding treasury shares at payment date.



## Factors likely to have an impact in the event of a public offering

### Reference shareholders

The reference shareholder of Gaumont is Ciné Par, controlled by Ms. Sidonie Dumas since October 2, 2017, who holds 89.70% of the share capital and 94.32% of the voting rights at December 31, 2020.

At the date of this report, the presence of independent members on the company's Board of directors (four out of the eight Board members) and the fact that certain decisions are submitted to the Board of directors for prior approval, ensure that the control of the company is lawfully exercised. In particular, the Board's prior approval is required for certain transactions carried out by Executive management.

### Shareholders' agreements

To Gaumont's knowledge, there is no agreement between shareholders (in particular between officers) that could limit the transfer of shares and the exercise of voting rights.

### Pledging of shares

To Gaumont's knowledge, no Gaumont shares were pledged as collateral as of December 31, 2020.

### Changes in share capital and share rights

Any change in the share capital or the rights attached to each share is subject to compliance with applicable laws. The bylaws do not place any conditions or restrictions on such transactions.

### Gaumont agreements with a specific change of control clause

To Gaumont's knowledge, the material agreements that are amended or that terminate in the event of a change of control of the Company are as follows:

- a bond for a total of k€60,000, maturing on November 14, 2021 and November 14, 2024;
- memorandum of investment regarding Entourage Pictures, for the financing of French-language films produced or co-produced by Gaumont, signed on July 19, 2016 with a completion date of January 6, 2017, for a period of five years.





## INFORMATION ON SHARE CAPITAL

### Change in Gaumont SA share capital

At December 31, 2020, the share capital of Gaumont was €24,959,384. It is comprised of 3,119,923 shares, each with a par value of €8, all fully paid up and of the same category.

In all, there were 5,897,952 voting rights attached to shares, including 2,778,029 shares with double voting rights.

Gaumont had not issued any securities other than equity securities.

### Potential capital

At December 31, 2020, 24,151 shares could potentially be issued upon the exercise of stock options granted to employees of Gaumont and other affiliated companies.

All 24,151 exercisable options received an exercise price lower than the average listed price for the period and showed a dilutive effect equivalent to 11,550 shares as of December 31, 2020.

The following table shows the effects on capital and earnings per share of exercising all the options that are dilutive.

	2020	2019
Average number of shares	3,119,876	3,119,876
Consolidated net income attributable to owners of the parent <i>(in thousands of euros)</i>	-16,773	-38,509
<b>Net income per share <i>(in euros)</i></b>	<b>-5.38</b>	<b>-12.34</b>
Number of stock options with a dilutive impact	11,550	13,002
Average potential number of shares	3,131,426	3,132,878
<b>Diluted net income per share <i>(in euros)</i></b>	<b>-5.36</b>	<b>-12.29</b>
Percentage of dilution <i>(in %)</i>	0.37	0.42



## History of stock option plans

Since December 1987, Gaumont has set up eight stock option plans for some of its employees, and in particular its executives, except for the Chairman of the Board of directors who does not receive any plan.

### Stock option plans outstanding at the end of the period

Table 8 of the AMF recommendation No. 2014-14

Plans I and II expired December 2, 2002 and December 22, 2003, respectively.

All options granted under the plans III, IV and VII were fully exercised.

Plans V, VI and VIII were still outstanding as of December 31, 2019. They have the following characteristics:

	PLAN V	PLAN VI	PLAN VIII
Date of General meeting	02.06.94	04.25.96	04.29.04
Grant date	02.15.96 <sup>(1)</sup>	03.12.98 <sup>(1)</sup>	02.28.05 <sup>(2)</sup>
Type of option	Subscription	Subscription	Subscription
Starting date of exercise of options	02.15.01	03.12.03	02.28.09
Expiry date	02.14.46	03.11.48	02.27.49
Initial exercise price (in euros)	€50.31	€64.03	€64.00
Adjusted exercise price (in euros)	€43.77	€55.70	€55.79
Total number of options granted	104,000	168,000	196,750
Total adjusted number of options granted	119,683	193,341	226,534
Aggregate number of options canceled at 12.31.20	47,184	100,164	103,943
Aggregate number of options exercised at 12.31.20	71,347	90,873	101,896
<b>NUMBER OF SHARES OUTSTANDING AT 12.31.20</b>	<b>1,152</b>	<b>2,304</b>	<b>20,695</b>
Including number of options that corporate officers may subscribe to			
• Sidonie Dumas	-	-	20,695
Including the number that may be subscribed to by the top ten employees with the highest number of options granted <sup>(3)</sup>	-	-	-

(1) Board of directors.

(2) Executive board.

(3) When more than ten employees are concerned in equal terms, the number specified takes account of all concerned parties (including individuals who left the Company).

### Number of options held by top ten employees of the company granted the largest number of options

Table 9 of the AMF recommendation No. 2014-14

During 2020, no share purchase or subscription options were granted to employees of Gaumont SA or of its subsidiaries. At January 1, 2020, the ten employees who received the highest number of options no longer held any exercisable stock options.



## Delegations of authority granted by the General meeting to the Board of directors for capital transactions

	CURRENT AUTHORIZATIONS				PROPOSED AUTHORIZATIONS AT THE GENERAL MEETING OF MAY 6, 2021		
	GM (RESOLUTION NO.)	TERM (EXPIRY DATE)	MAXIMUM AMOUNT OF MAXIMUM CEILING	USE OF THE AUTHORIZATION IN 2020	RESOLUTION NO.	TERM	MAXIMUM CAP
<b>Increase in share capital<sup>(1)</sup></b>							
By issuing shares, securities or marketable securities with shareholder pre-emption rights	GM of 05.07.19 (13)	26 months (07.06.21)	k€15,000	Not used	(13)	26 months	k€15,000
By capitalization of reserves, profits or premiums	GM of 06.16.20 (18)	26 months (08.15.22)	k€15,000	Not used			
Reserved to employees of the Group, members of the company savings plan	GM of 06.16.20 (19)	26 months (08.15.22)	200,000 shares	Not used			
<b>Company's purchase of its own shares</b>							
Company's purchase of its own shares <sup>(2)</sup>	GM of 06.16.20 (9)	18 months (12.15.21)	k€23,399	Not used	(9)	18 months	k€23,399
Reduction of share capital by cancellation of treasury shares	GM of 06.16.20 (17)	18 months (12.15.21)	10% of share capital as of the date of the GM	Not used	(11)	18 months	10% of share capital as of the date of the GM
<b>Stock option plans</b>							
Grant of share subscription and/or purchase options <sup>(3)</sup>	GM of 05.03.18 (11)	38 months (07.02.21)	Legal limit <sup>(4)</sup>	Not used	(12)	38 months	Legal limit <sup>(4)</sup>

(1) Share capital capped at a total nominal amount of k€15,000.

(2) Within the limit of 10% of the number of shares of the company's capital at the time of purchase.

(3) For employees and corporate officers of the company and/or those affiliated with it.

(4) Articles L. 225-182 and R. 225-143 of the French Commercial code: the total amount of the options awarded and not exercised cannot exceed one third of the equity.



## Capital increases by the issue of shares, stock or securities and by capitalization of reserves, profits or premiums

These delegations of authority are granted by the General meeting to the Board of directors in order to:

- issue, in one or more installments, while maintaining the preferential subscription right of the shareholders, shares or marketable securities giving access to capital securities to be issued, limited to k€15,000;
- conduct a capital increase, in one or more installments, by capitalization of reserves, profits or premiums, followed by the creation and free grant of share capital securities or elevating the par value of the exiting share capital securities, or a combination of these two modes, limited to k€15,000.

The objective of these delegations is to enable the company to conduct all issues of marketable securities to quickly and flexibly gather the necessary financial means.

All issuances of shares, capital securities or other marketable securities is capped at a global par value of k€15,000.

The delegation of authority granted to the Board of directors to increase the capital through the capitalization of reserves, profits or premiums, was renewed by the General meeting of June 16, 2020, for a term of 26 months.

As the delegation of authority granted to the Board of Directors by the General meeting of May 7, 2019 to increase the share capital through the issue of shares, securities or marketable securities, with preferential subscription rights for shareholders, will expire on July 6, 2021, it will be proposed to the General meeting on May 6, 2021 to renew the said delegation for a term of 26 months.

## Capital increase reserved for employees who are members of the company savings plan

In application of Article L. 225-129-6 of the French Commercial code, the General meeting of June 16, 2020 renewed, for a term of 26 months, the authorization to the Board of directors to conduct a capital increase, limited to 200,000 shares, with waiver of preferential subscription rights for the shareholders in favor of the employees of the company and/or those affiliated with it under the conditions set forth by Article L. 225-180 of the French Commercial code, who are members of the company savings plan and under the conditions set by Articles L. 3332-18 *et seq.* of the French Labor code.

## Company's purchase of its own shares

The General meeting on June 16, 2020 renewed, for a term of 18 months, the authorization given to the Board of directors to purchase shares of the company within the maximum limit of 10% of the number of shares that comprise the company's capital at the time of the purchase, within the limit of k€23,399 and for a maximum authorized unit price of €75.

In accordance with the legislative and regulatory provisions in force, this authorization was granted to the Board of directors to:

- stimulate trading in or the liquidity of the shares via an investment service provider through a liquidity agreement in accordance with the market practice accepted by the AMF (*Autorité des marchés financiers* – the French financial markets authority);
- holding and using the shares at a later date in payment or exchange within external growth transactions as permitted by the AMF;
- grant shares to employees and/or corporate officers (under the conditions and according to the terms set forth by law), particularly under a stock option plan, free share awards, or Company savings plan;
- grant shares to holders of securities convertible to the company's capital when they exercise the rights attached to those securities, in accordance with regulations in effect;
- the potential cancellation of shares acquired.

As this authorization will expire on December 15, 2021, it will be proposed to the General meeting on May 6, 2021 to renew it for a term of 18 months, within the limit of k€23,399, for a maximum price of €75 per share.

## Grant of share subscription or purchase options

It will be proposed to the General meeting on May 6, 2021 to renew, for a term of 38 months, the authorization given to the Board of directors by the General meeting on May 3, 2018 to grant one or more issuances of stock options in the company in favor of those that it shall appoint from among the staff members and executive corporate officers of the company or those affiliated with it under the conditions set forth by Article L. 225-180 of the French Commercial code.

At December 31, 2020, 24,151 shares could potentially be issued upon the exercise of stock options granted to employees of Gaumont and other affiliated companies.



## ADDITIONAL INFORMATION

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## FINANCIAL DISCLOSURE TIMETABLE

### Publication of the financial statements

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March 11: 2020 full-year results

September 9: 2021 half-year results

### General meeting of shareholders

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May 6: Combined Ordinary and Extraordinary General meeting called to approve the financial statements for the year ended December 31, 2020



## PERSONS RESPONSIBLE FOR INFORMATION

### Person responsible for the Universal registration document

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#### Name and title of the person responsible for the Document

**Sidonie Dumas**

Chief Executive Officer

#### Certificate

I certify that, to the best of my knowledge, the information contained in this Universal registration document is consistent with the facts and does not contain such omissions as may adversely affect its scope.

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of Gaumont and all entities included in the consolidated group, and that the management report provides a true and fair view of the business trends, results and financial position of the company and all entities included in the consolidated group, together with a description of the main risks and uncertainties that they face.

Neuilly-sur-Seine, April 14, 2021

Sidonie Dumas  
Chief Executive Officer



## Persons responsible for auditing

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### Statutory auditors

#### Advolis

- Member of the *Compagnie régionale de Paris*
- Address: 38, avenue de l'Opéra 75002 Paris
- Represented by Hugues de Noray
- First appointment: General meeting of May 2, 2005, taking over from KPMG, formerly RSM Salustro Reydel.

#### Ernst & Young et Autres

- Member of the *Compagnie régionale de Versailles*  
Address: 1-2, place des Saisons 92400 Courbevoie - Paris-La Défense 1
- Represented by Beatrice Belle
- First appointment: General meeting of May 3, 2011, taking over from Ernst & Young Audit.

## Person responsible for financial information

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### Sami Tritar

Chief Financial Officer

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